

IMPACT



10 Years of Victories:

The Mackinac Center Legal
Foundation Celebrates ...
and Looks Forward

Page 11

WWII Vet Still Sacrificing
For a Higher Cause

Page 15

My Time at Mackinac
Prepared Me For a Life's
Work in Liberty

Page 19

FROM
THE
WEB

BLOG

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Labor contracts, superintendent salaries, school grading and more. Our online databases provide easy access to important information.

[Mackinac.org/databases](https://mackinac.org/databases)



“Thank you, Mackinac Center, for being there. And for knowing that you’re still there today when the average citizen is pushed, and pushed, and has nowhere to turn. Knowing you’re there is a plus. Thank you.”

— Sherry Loar

*The Mackinac Center
Legal Foundation's
first client.*

Explore this issue

4

Pain Point: To Change Policy, First, Identify the Harms

5

Free-Market Environmentalism: President Trump Endorses Mackinac Center Ideas

6

Supreme Court May Throw Out Michigan’s Discriminatory Ban on School Choice

7

The Fairest of Them All: Pushing Lawmakers for a Tax System With No Winners and Losers

8

Congress Looks to Gut Michigan Union Reforms

9

Change Ends in Lansing – It Starts With You

11

10 Years of Victories
The Mackinac Center Legal Foundation Celebrates... and Looks Forward

13

Wayne State University Pays Up for Delay in Giving Out Information

14

What Do You Owe?
Cities across Michigan have \$5.6 billion in pension debt

15

WWII Vet Still Sacrificing For a Higher Cause

17

A Busy, Exciting Summer
Mackinac Center hosts numerous events all over Michigan

18

Mackinac in the Media

19

My Time at Mackinac Prepared Me For a Life’s Work in Liberty



Are There Better Options for Underperforming Schools?

Earlier this year, Michigan headlines were filled with news about the Benton Harbor school district's dire straits and a dispute over proposed drastic solutions to deep-seated academic and fiscal problems. This is just one case among many in which struggling Michigan school systems have confronted state intervention, takeover or even closure. What solutions has Michigan attempted to put in place, and which ones have shown promise? What different educational approaches might appeal to families and leaders in troubled communities? What options should Michigan have when schools chronically fail to serve students? A panel of leaders with relevant experiences overseeing schools in troubled urban communities will share their experiences and ideas at this event.

Thursday, Oct. 17, 2019

11:30 a.m. - Check-in and lunch

Noon to 1:00 p.m. - Program with Q&A

Radisson Hotel Lansing at the Capitol
111 North Grand Ave, Lansing, MI 48933

Lunch is free for attendees who RSVP.
Registration is required by Oct. 14.

Please register online at mackinac.org/events, email events@mackinac.org or call **989-698-1905**.

Panelists



Dr. Donald Weatherspoon

has brought his extensive experience in educational administration and state government to help direct interventions in numerous troubled Michigan school districts.



Mr. Kevin Teasley

is president and founder of the Greater Educational Opportunities Foundation, a nonprofit educational organization headquartered in Indianapolis.



LETTER FROM THE PRESIDENT

Joseph G. Lehman

Pain Point: To Change Policy, First, Identify the Harms

Some policy reforms would solve or mitigate enormous public problems, but they get little attention. Why is that? It's because there is no pain point.

A pain point isn't the underlying cause of a problem or even the problem itself. It's the pain that makes you finally want to do something about the problem.

Trillion-dollar annual federal deficits? No problem, because the Fed keeps printing money and no one has to pay it back (yet), so, no pain (yet). Without a pain point, reforms like a constitutionally mandated balanced budget get little notice.

But \$1.5 trillion in cumulative student debt is a different story. Many people — over 40 million — have to pay back these loans, with the average debt approaching \$40,000. Those who struggle to repay are experiencing a pain point, which is why presidential candidates are talking about student debt every day.

When it comes to policy, we can think of pain points as the way people experience the effects of poor policies. And the larger the group, the more politicians notice. Think not just student loans, but gas tax hikes, expensive and maddeningly complex health insurance, Michigan's ridiculously costly no-fault auto insurance, endless traffic congestion, fear of (or unreliable) police in many areas, and hard-to-find quality child care.

For the Mackinac Center, we must pay attention to pain points, and we need different strategies to advance reforms when pain points are weak versus when they are strong. Few things, for example, light up our website like our research on gas tax increases (especially Gov. Gretchen Whitmer's proposed 45-cent rise). But we have to be more creative to draw attention to our equally good research on corporate

welfare, since most people don't feel the direct pain of handing over taxpayers' money to businesses.

Understanding pain points is essential for connecting our ideas to real people who, unlike us, don't spend every day thinking about public policy. When George H. W. Bush ran for president, he came under attack for not knowing the price of a gallon of

“Only a crisis — actual or perceived — produces real change.”

— Milton Friedman

milk, something most voters are familiar with. Media reports then used his alleged ignorance to make him seem out of touch with the problems of regular people. It was politically effective, even if it might have been perfectly logical for him to use his brain space for other facts.

Nobel laureate Milton Friedman wrote, “Only a crisis — actual or perceived — produces real change.” Facts are paramount in knowing what policies we need, but pain points are important for knowing when policy ideas have ripened and are ready to be embraced by wider audiences and advanced through the political process. At our best, we can identify pain points that signal an appetite for our ideas before a policy pain becomes a policy crisis. ■

JOSEPH G. LEHMAN

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JOHN LAPLANTE Editor
ILIA VANDERHOOF Designer

Free-Market Environmentalism

President Trump Endorses Mackinac Center Ideas

On July 9, President Donald Trump hosted an invitation-only event at the White House to highlight the nation's progress on energy and environmental issues. Jason Hayes, the Mackinac Center's director of environmental policy, was honored to be on the list of attendees. At the event, the president's remarks hit on three major themes, all of which reinforced a key focus of the Mackinac Center's energy and environmental policy work: It is possible to have both a strong economy and a clean environment.

The president pointed to a "top priority" of his administration, which is "to ensure that America has among the very cleanest air and cleanest water on the planet." He also described his commitment to promoting abundant opportunities for American workers and their families. The White House invitation was a welcome confirmation that the Mackinac Center, State Policy Network and other allied state-based free-market think tanks are equipping government officials with the tools and information they need to achieve that same objective.

In addition to the president, other speakers included Secretary of Energy Rick Perry, EPA Administrator Andrew Wheeler, Secretary of the Interior David Bernhardt, and Chairman of the Council on Environmental Quality Mary Newmyer. Each supported and expanded on the president's three main contentions: that the U.S. leads the world in environmental quality, the U.S. has an unparalleled record of environmental stewardship, and the U.S. is improving the management of its

public lands. Their words also fit well with the work being done by the Mackinac Center's Environmental Policy Initiative.

For example, President Trump explained that properly focused environmental regulations protect our air and water while also encouraging further development of national energy reserves. He explained how levels of the six most common air pollutants — nitrogen dioxide, sulfur dioxide, carbon monoxide, lead, particulate matter and ozone — had decreased, on average, by 74% since 1970. But he also pointed out that over the same period, our economy has grown by 275%, and the U.S. has become a world leader in producing oil and natural gas. In our written work, our speaking engagements, and in meetings with state and federal regulators, the Environmental Policy Initiative has always promoted realistic regulation and the development of our domestic energy resources.

Our publications, like "Conflict to Cooperation: Collaborative Management of Federal Lands in Michigan," look at the value of reducing the command-and-control mentality of some federal land managers. So does our work to create a private conservation working group, in which we focus on moving the management responsibilities of federal lands out into the states. We accomplish this goal by promoting programs like the Good Neighbor Authority, which empowers state foresters to carry out essential management activities, like spacing and thinning, to improve forest health and reduce insect and fire damage in federal forests. Through our work with

SPN, we have also had the opportunity to meet with officials in the U.S. Department of Agriculture and its agency, the U.S. Forest Service, to discuss our publications and policy suggestions.

The president's remarks fit well with these efforts, highlighting the federal government's work that is promoting conservation and wise use, more recreational activities — including hunting and fishing — and better stewardship of the nation's public lands. Previously, federal policy had stymied attempts to manage public lands and had effectively kept many areas out of bounds to all but the most fit and adventurous people. But opening up these areas helps improve forest health and reduce the risk of disease and fire. It also improves wildlife habitat and ensures better recreational access for all Americans.

The president ended his remarks by reminding listeners of his promise to fight for a bustling economy and a healthy environment. He quite rightly argued that it is possible to have both. It's clear that the work of the Mackinac Center's Environmental Policy Initiative, and of our sister state think tank partners, is having a positive effect on federal energy and environmental policy by encouraging better management of public lands. We want to reduce the pressure of excessive regulation and develop efficient, affordable, safe energy resources, and we're excited to see these issues getting the attention they deserve. ■

Jason Hayes is the director of environmental policy at the Mackinac Center.



Supreme Court May Throw Out Michigan's Discriminatory Ban on School Choice

The time has come for Michigan to be optimistic about the future of educational freedom.

Last year, the U.S. Supreme Court gave us the earth-shaking

Janus decision, which opened wide the doors of workplace freedom for vast numbers of government employees. By next year, a touchstone ruling could have a similar impact for education, giving hope to Michigan families for opportunities that have long seemed out of reach.

The Mackinac Center long has called for more educational freedom. We were key to getting Michigan to adopt public charter schools and inter-district school choice programs. Yet our most distinctive work in this area was a groundbreaking 1997 report advocating for the Universal Tuition Tax Credit. It's a policy that lets taxpayers reduce their state tax liability by helping to pay a student's private school tuition.

Tax credit programs not only give students and families extra options, but they also bring fewer regulations than school vouchers. In a 2001 editorial, *The Wall Street Journal* recognized the Mackinac Center as the nation's "leading advocate for a universal education tax credit."

A 50-year-old state constitutional amendment has held Michigan back from offering such a credit. But 18 other states followed Mackinac's lead and have adopted a tuition tax credit of some kind. By far the most successful is Florida, where 100,000 low-income students enjoy

scholarships funded by corporate tax-credit programs.

**BEN
DEGROW**

Not all 18 of those states have been so fortunate, however.

A 2015 ruling by a Montana agency stopped single mother Kendra Espinoza and others from being able to use tax-credit-funded scholarships, made possible by that state's law, to help pay for a parochial school education. The new learning environment Espinoza found for her daughters gave one of them a refuge from bullying, and the other, an improved academic outlook.

Yet last December, the Montana Supreme Court upheld the state agency's authority to discriminate against religious education, based on an anti-aid (or Blaine) amendment in the state's constitution. Blaine amendments are 19th-century creations designed to deny public support for "sectarian" (read: Catholic) institutions. In that era, taxpayer-supported public schools were functionally Protestant.

More recently, school choice foes have found mixed success in using Blaine amendments to strike down voucher programs. A decision in a 2015 case in Colorado nearly opened the door to a landmark ruling on Blaine amendments. But the untimely death of Justice Antonin Scalia and an unfavorable school board election made the case moot. Even so, Montana's high court has been the only high court to rule that these amendments could keep parents from using tax-credit donations to choose a private school.

Now, it appears Montana's overreach might backfire. On June 28, the U.S. Supreme Court announced that it would hear Espinoza's case. Families have well-founded hopes that a majority of the justices will strike down Blaine amendments as obstacles to educational freedom. They can, after all, look to a 2002 Supreme Court ruling that the First Amendment cannot block parents from using public funds to pay for religious schooling if the government treats the different options neutrally.

At the Mackinac Center, we want to help bring the fruits of an Espinoza victory to Michigan. Our state's anti-aid constitutional provision is of a more recent vintage than the standard Blaine amendment, tightly crafted to avoid the use of explicitly discriminatory language. We want to make sure that the high court leaves none of the restrictive anti-aid amendments standing.

An allied group will provide the court evidence for the anti-Catholic bigotry behind Michigan's onerous provision. Meanwhile, our own amicus brief offers a case study on the desperate demand for better educational options in Detroit, which has the nation's worst-performing urban school district.

Now is not the time to lose hope. Many families in Detroit and across our state need a large range of educational opportunities. A big Supreme Court victory in 2020 could be the first step toward achieving that result. ■

Ben DeGrow is the director of education policy at the Mackinac Center.

The Fairest of Them All: Pushing Lawmakers for a Tax System With No Winners and Losers

It won't surprise the reader to learn that the Mackinac Center for Public Policy has been engaged in this fiscal year's hot topic — road funding — to a great degree. We are still educating opinion leaders, including Lansing lawmakers, on the topic, with a raft of ideas for reform.

**MICHAEL
LAFaIVE**

Just recently we offered lawmakers a new combination of 13 budget reforms worth \$1 billion. Among those are making cuts to corporate handouts, one of the easiest things to do. We're also anticipating the next battle in this area.

The good news is that both Gov. Gretchen Whitmer and the state House deserve some applause for what they've done so far, though it's hard to know how things will turn out. The budget may be finished by the time this issue of IMPACT lands in your mailbox. Let us hope members of Lansing's political class do not snatch defeat from the jaws of victory.

Of which victory do I speak? The governor has proposed a \$5 million cut (14%) to the state's Pure Michigan tourism campaign. The House approved its own budget proposal, which includes a cut worth \$4 million. This is progress, we think.

Our 2016 study about the program found that for every extra \$1 million the state spent promoting tourism, the income of the accommodations sector rose by \$20,000. Other sectors in the tourism industry did worse, meaning that the program is a huge net negative for Michigan taxpayers.

The Senate, however, wants to increase spending on this activity by \$1.5 million.

It will be interesting to see how the negotiations play out.

Of perhaps greater import, however, is the \$55 million-plus cut to a corporate handout line item in the state budget called "Business attraction and community revitalization." This represents a cut of more than 52%. The item funds two handout programs, one of which is the Michigan Business Development Program.

The Mackinac Center published a scholarly treatment of this work, using a statistical model of our own creation. The model is an attempt to identify any impact that corporate subsidies were having on employment in the counties where their projects were located. We found that for every \$500,000 in subsidies, there was a corresponding loss of some 600 jobs. Again, a huge net negative for the state.

Going forward, the Mackinac Center will educate lawmakers and others on another subsidy program, Good Jobs for Michigan. This program is scheduled to sunset at the end of the year if it is not reauthorized, and we believe it should sunset. It was enacted in the hope of landing FoxConn, but that company chose to locate a new facility in Wisconsin, not Michigan.

Some want to continue the program and make as much as another \$500 million available to corporate interests. Coincidentally, the state's now-shuttered program to subsidize Hollywood film

production wasted roughly that amount before it was repealed and seen as a failure.

In August, the Mackinac Center explained the case against Good Jobs for Michigan subsidies in a Detroit News op-ed titled "Let the Sun Set on this Corporate Subsidy Program." It presented evidence that programs like this are expensive and don't work. Money wasted on them could be better spent elsewhere, such as road repairs.

The Mackinac Center's Morey Fiscal Policy Initiative will spend the next few months engaged in budget and corporate welfare reform. We will continue to be your voice for markets over mandates in current and coming debates. ■

Michael LaFaive is the senior director of the Morey Fiscal Policy Initiative at the Mackinac Center.



Congress Looks to Gut Michigan Union Reforms

Private sector workers in most states now live under a right-to-work law. Thanks to the U.S. Supreme Court's 2018 Janus decision, so do public sector workers. But a powerful member of Congress wants to overturn all that.

In May, Bobby Scott, a Democrat from Virginia, introduced the Protecting the Right to Organize (PRO) Act of 2019. Scott chairs the House Education and Labor Committee, which has held two hearings on the act.

Richard Trumka, president of the AFL-CIO, urged the committee to pass the act, saying: "Imagine that Congress refused to recognize your rightful election. And then imagine that once you were finally seated, you were denied the basic rights and responsibilities that come with the office."

The bill Trumka supports, though, does the very thing he complains about. The PRO Act would strip away the sovereign actions of a majority of states in one fell swoop. A majority of states — 27, so far — have decided to pass right-to-work legislation. The PRO Act would overturn these state laws, prohibiting right-to-work laws in the private sector.

The PRO Act also would effectively replace the secret ballot for a back-door version of card-check. Secret ballot elections are a bedrock principle of our democracy.

MORGAN SHIELDS

The PRO Act would give more power to the National Labor Relations Board, which conducts certification elections.

It would allow the NLRB to declare that an employer wrongfully interfered with a secret ballot election. If the employer could then not prove that it didn't wrongfully interfere, the board could use petitions or authorization cards to certify the union. But for the employee, being given the opportunity to sign a card is not the same as the right to vote one's conscience free and clear of intimidation in a voting booth.

The PRO Act would severely limit employer's ability to talk with employees about what unionization may cause. Employers should, though, be able to have open and honest dialogue with their employees about the burdens that unions can impose.

While the PRO Act prohibits certain employer-employee communications, it does a favor for unions, guaranteeing them

more access to employee information and curtailing employees' privacy. It requires employers to give over to unions employees' names, home addresses, work locations, job classifications, home phone numbers, and personal email addresses. There is nothing in the act which prohibits the unions from turning around and giving away or selling the private contact information of workers.

The Mackinac Center for Public Policy will continue the fight to expand the freedom of workers in Michigan and across the nation. No one should be forced to join or pay a union against their will. The freedom to associate or disassociate must be protected in Michigan and nationally. The PRO Act is a brazenly anti-democratic, anti-worker, and anti-freedom piece of legislation. ■

Morgan Shields is the former legal counsel and director of Workers for Opportunity at the Mackinac Center.

Change Ends in Lansing – It Starts With You

Michael Van Beek speaks on auto insurance at the policy forum in Portage.

“Change doesn’t begin in Lansing ... it ends there.” That’s not merely a pithy quote I grabbed from the Opportunity Michigan website (www.OpportunityMichigan.com if you’re interested, and you should be). It is how policy happens — for good or for ill.

One challenge common to state think tanks is that the number of people who generally agree with us is far, far higher than the number of people who are aware that we exist. And especially in a large state like Michigan — or Texas, where I worked

**DAVID
GUENTHNER**

state elected officials and their staffs. But given that they’re rarely in Lansing in the summer, this year we decided to take our expertise on the road.

In July and August, we hosted three Policy Forum events across Michigan. We created these to connect with our supporters in these communities and to introduce ourselves to new ones.

On July 10, we presented “Protecting Your Property Against Abusive Governments” in Troy. The Mackinac Center’s Jarrett Skorup discussed the new Michigan law requiring local law enforcement agencies to obtain a criminal conviction before they could forfeit an individual’s property. The Pacific Legal Foundation’s Christina Martin, meanwhile, talked about two lawsuits her group had filed to challenge the home equity theft perpetrated by Wayne and Oakland counties. We were honored that Troy’s state Rep. Padma Kuppa and her chief of staff attended this program.

Thanks to one of our generous supporters in Traverse City, our Aug. 7 Policy

Forum there was a half-day conference that covered several issues of regional importance. I gave a halftime report on the Michigan Legislature’s 2019 agenda. Brent Skorup from the Mercatus Center spoke on the folly of Traverse City’s plans to build a municipal broadband network. Our own Jason Hayes delivered a primer on free-market environmentalism, while Michael Van Beek discussed education reform with an eye toward school choice and pitched the Opportunity Michigan network to the audience.

The Aug. 21 Policy Forum in Portage focused on the upcoming changes to Michigan’s auto insurance system. Van Beek spelled out why our auto insurance has been so expensive for so long and how much Michigan motorists might save under the reforms on the way.

The Policy Forums in Troy and Portage were the first public events the Mackinac Center has ever hosted there. And given the full rooms we had in all three cities, we will definitely return in the coming years and add new cities in 2020. Please pull your friends together and contact Sandra Darland in our Midland office if you’d like the Mackinac Center to host a Policy Forum in your community next summer. ■

David Guenther is the senior strategist for state affairs at the Mackinac Center.



Michael LaFaive discusses fiscal policy before a full room in Traverse City.

previously — it is extremely challenging to establish your brand and cultivate relationships in all the places where you need them.

For years, the Mackinac Center has hosted our Issues & Ideas event series in Lansing, which has helped us educate our



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

Sherry Loar

Home day care provider

10 Years of Victories: The Mackinac Center Legal Foundation Celebrates ... and Looks Forward

Looking back on a decade of litigating to advance liberty in Michigan and beyond, it is tempting to ascribe some success to serendipity. After all, what are the odds of the Mackinac Center looking for a signature case to launch its litigation center just as a Northern Michigan

**PATRICK
WRIGHT**

housewife is trying to figure out how she, as the owner of a private day care, had become a public sector employee represented by a union? Sherry Loar brought her incredible tale to us not randomly, but because the Center had worked hard as a leading advocate for advancing freedom. Litigation has helped us greatly in continuing that cause.

Loar was joined by Paulette Silverson and Michelle Berry in the Center’s first case. They challenged the Michigan version of a national union ploy – one which decreed that any private service provider whose clients received federal assistance was really a public employee that could be unionized and forced to pay dues. It took over a year and a half for us to prevail, but the union was disbanded, thereby freeing over 45,000 individuals.

This union scheme was not the only one of its type in Michigan. Bob and Pat Haynes are the parents of two adult children with cerebral palsy. The Service Employees International Union was skimming dues

from the governmental aid the Haynes received for watching over their own children instead of institutionalizing them. The SEIU unionized over 45,000 home-help providers. A Mackinac Center Legal Foundation lawsuit on behalf of the Pat Haynes, and Steve Glossop, who was providing care to his mother, eventually led to a legislative fix that ended this practice in Michigan.

Another time that a lawsuit from Legal Foundation led to a legislative fix was an attempt to unionize the University of Michigan’s graduate students. A previous attempt was ruled illegal in 1981, but union officials and university regents tried again in 2011. The Legal Foundation represented hundreds of graduate students until the Legislature put an end to a sham trial. At it, both the union and the Board of Regents were arguing to make the students unionized, and no one else was allowed to present evidence or question witnesses.

These three lawsuits — involving day care owners, home-help workers and

graduate students — led to 90,000 to 100,000 Michiganders being freed, saving them over \$9 million annually (day care workers, approximately \$2 million; home help workers, \$6 million; and graduate students, \$1 million). The suits also had indirect benefits. Then-UAW President Bob King cited them as an impetus for unions' ill-fated attempts to amend the state constitution in 2012. These ballot-box failures led to Michigan enacting right-to-work laws.

Right-to-work led to a series of Legal Foundation suits helping to implement it. We successfully fought a 10-year collective bargaining agreement meant to neutralize the law. We helped to end a Teamsters attempt to deny grievance representation for workers who left the union. The Foundation forced the MEA to allow its members to leave at any point in the year, not just in August. The union had to print a full-page notice of its violation in its magazine, *Voice*, sent out to all of its members.

The Legal Foundation also has pursued six lawsuits related to Michigan's Freedom of Information Act. When the city of Westland charged \$1 a page

for copies, even though the UPS store across the street was charging 11 cents a page, we sued. When the Department of Environmental Quality, U of M, Wayne State University, the Liquor Control Commission, and the Department of Licensing and Regulatory Affairs each took months to respond to records requests when they were supposed to do it within days, we sued. Now copies cannot cost more than 10 cents a page, U of M has had to revise its FOIA policy, and the attorney general's office has entered an opinion in line with our views on FOIA response time. Many government agencies had to pay the Foundation's attorney fees as well.

The Legal Foundation does not always directly enter into litigation. In many important cases, we have filed friend of the court (or amicus) briefs. One case led to the end of the Chevron doctrine in Michigan. Under that legal theory, unelected bureaucrats, not judges, would interpret statutes. In another case, our brief provided the rationale whereby right-to-work was upheld for state employees.

Our labor work in Michigan led people elsewhere to file a number of

constitutional claims. Some of these cases went to the United States Supreme Court, where we filed amicus briefs. In *Harris v. Quinn*, which challenged the unionization of home help workers, we argued that these workers were not public employees and should not be forced to pay union dues and fees. Without citing our work, the Supreme Court agreed. In *Janus v. AFSCME*, we argued that the Supreme Court should hold that no public employee should be forced to provide financial support to unions and that those unions would survive without the power to compel support. Again, the Supreme Court agreed with our argument, and it cited our work to support its decision, freeing millions of public sector workers.

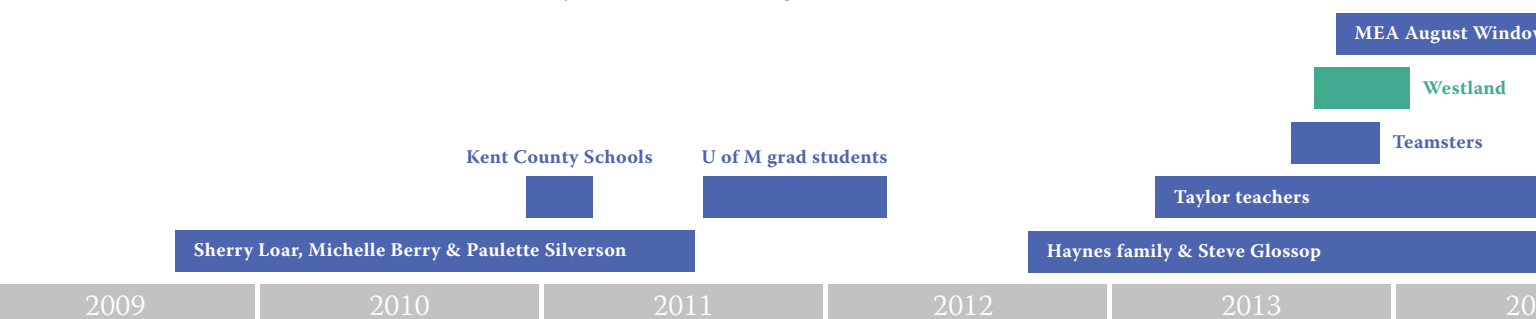
Would our country have arrived at this point without the Mackinac Center Legal Foundation and Sherry Loar coming together in 2009? Perhaps, but we have taken advantage of the opportunities that have presented themselves over the last decade. We are well-positioned for more. ■

Patrick Wright is the vice president for legal affairs at the Mackinac Center.

10 Years of Impact

In the Mackinac Center Legal Foundation's first 10 years, we've had the opportunity to help public employees — from teachers to health care aides to maintenance workers — as well as regular citizens overcome obstacles. Whether the subject is big unions, big government, or unfair regulations, our work protects citizens and helps shine a light on shady practices.

This is a timeline for some of the more important cases the Legal Foundation has taken on.



Wayne State University Pays Up For Delay in Giving Out Public Records

Marc Edwards, one of the scientists who first called attention to the Flint water problem, sought information from Wayne State University regarding the WSU-led team that had been awarded a large grant to monitor cleanup efforts. He used the Freedom of Information Act to request information that should have been freely available to the public. Instead, he either got the runaround, or was ignored entirely by the university. So he turned to the Mackinac Center Legal Foundation, because he had read of its success with other lawsuits against Michigan governments and universities involving open records.

DERK WILCOX

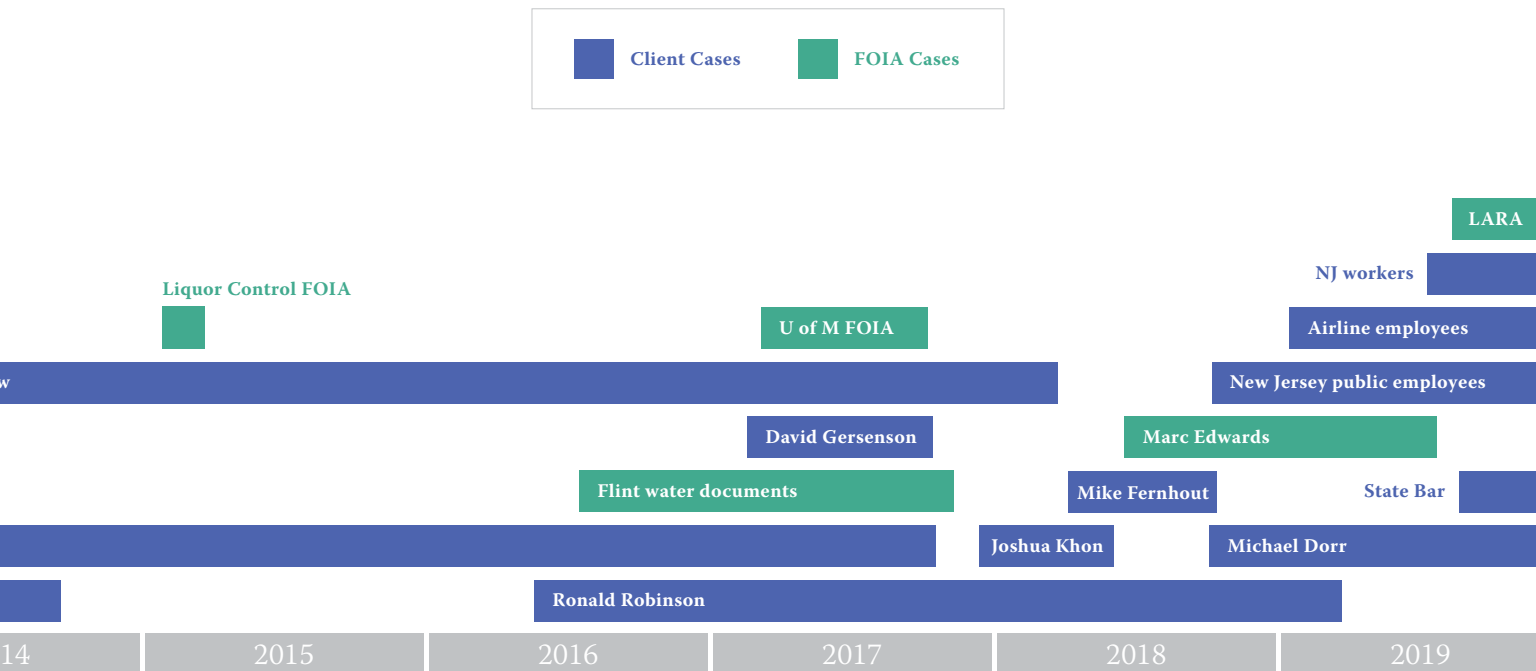
After the Legal Foundation filed the lawsuit, WSU produced a large box full of documents in response. The legal dispute continued over a few more documents, with WSU providing more documents, some of which were less-redacted forms of what it had already turned over.

After months of delay, the university provided the thousands of pages of documents Edwards had been requesting. What's more, the court ordered WSU to pay the legal fees he incurred in the lawsuit. WSU wrote a check to the Legal Foundation for just under \$6,000. ■

Derk Wilcox is a senior attorney at the Mackinac Center.



Marc Edwards, professor of environmental engineering at Virginia Tech, was an investigator with a team that examined water quality in Flint.



What Do You Owe?

Cities across Michigan have \$5.6 billion in pension debt

From Macomb to Marquette to Muskegon and many places in-between, Michigan cities are dealing with debt in their employee pension systems. The Mackinac Center recently compiled the unfunded liabilities of the 100 largest municipalities across the state, and the results weren't great.

In total, there was \$5.6 billion in debt. Dividing by the number of residents in those municipalities shows that elected officials have put them on the hook for more than \$1,000 each. And that's just the amount of unfunded liabilities at the local level; the state's two largest pension programs owe tens of billions of dollars more.

Every year, financial analysts estimate how much state and local governments need to pay into their retirement systems to make them fully funded. Unfortunately, many public entities use unrealistic assumptions. They might overstate how well their investments will do, or underestimate how long retirees will live, for example. When politicians use bad assumptions or choose not to pay in the full amount they need to, debt results. And it often continues to accrue.

Tracking pension debt is not about blaming employees or trying to take away what they have been promised. It's about finding solutions. Ignoring the problem could mean bankruptcy and harm to retirees, as happened in Detroit.

The harmful results of pension underfunding don't have to wait until a city enters bankruptcy. Across the state, it means cuts to services and diverting money to retirement systems. It means

fewer police officers and firefighters. Less spending on park maintenance. Fewer resources for roads. And higher taxes to make up the difference.

JARRETT SKORUP

Illinois recently announced that 40 cents of every dollar it spends on education goes into the pension system. And some cities there have saved less than half of what they owe to retirees.

Luckily, some local governments in Michigan are doing things right; 15 cities have defined contribution retirement plans for their workers. With these 401(k)-type plans, employees deposit money and the city matches a certain amount. These plans cannot be underfunded, meaning workers own the funds when they retire, and taxpayers don't have long-term debt. Local governments with defined contribution

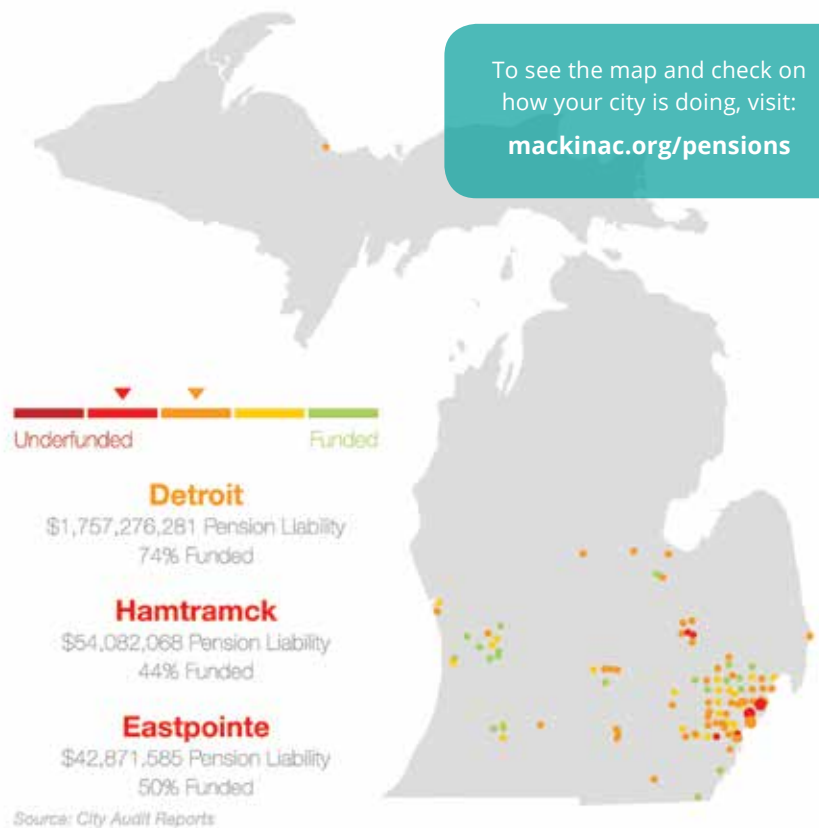
plans include Rochester Hills, Commerce Township, Oshtemo Township, Holland Township, Plainfield Township (in Kent County) and others.

Five municipalities with a pension system, meanwhile, have been making their full payments, meaning there is no debt in the system. The five are: Kalamazoo, Troy, Kentwood, Saginaw Township and Pontiac.

Pension debt often develops because bad incentives cause policymakers to defer the costs of government. But state and city workers, and the rest of us, end up paying for it. It's important that workers, unions, taxpayers and elected officials all pay attention to solving or, better yet, preventing this problem. ■

Jarrett Skorup is the director of marketing and communications at the Mackinac Center.

To see the map and check on how your city is doing, visit: mackinac.org/pensions





WWII Vet Still Sacrificing For a Higher Cause

The Mackinac Center is wholly supported by donations. Each issue, we feature one of our many supporters. This issue we hear from William Lindhout.

Could you please tell us a bit about your early years growing up?

Born and raised in Grand Rapids. The raised part was mostly during the Depression. Example: My sister who was 12 years older got a Buick convertible for her 14th birthday (legal age to drive at that time). I received a bike at 14 and was lucky to get it. I attended Ottawa Hills from kindergarten through high school, graduating in 1942. I was in the first class to be able to do that. First job was bagging candy in the basement of a drug store — ate too much of it. Favorite job was chief flunky at Indian Trails Golf Course.

How did you end up in architecture and starting your own business?

My father, born in Belgium, was a second-generation architect. He died at 53, when I was 15. This didn't allow me the greatest insight into the profession at that age, but

it certainly did plant seeds. My mother's employment after his death was at Michigan State. My enrollment in the fall of 1942 took advantage of her employment there, as did my employment of sweeping the floor at the women's gym at 5 a.m. each day. I was in the engineering school, as close as I could get to architecture. World War II interrupted that venture, and I entered into the Navy in April of 1943. After 60,000 miles on the USS Bennington and almost 500 hours in the back end of a torpedo bomber, I found myself entering into the architectural school of the University of Michigan on Nov. 1, 1945. GI Bill. That November date was the result of the accelerated WWII program and fit with my Oct. 15 discharge from (Naval Station) Great Lakes.

After graduation in 1950, I worked with a Detroit architectural firm for seven years. I was engaged in everything from locker rooms for the steel mill workers at the Ford

Rouge Plant to rectories, convents and elementary schools. The biggest project was the transformation of the old Detroit Hotel into a senior housing facility.

The one rewarding commission was a residence for an upper-level Ford exec, where I was given the freedom of design for a contemporary home. That type of architecture has more recently been identified as "midcentury modern." This freedom did not seem on the firm's horizon, so I opened up in a storefront on 5 Mile Road in Livonia in 1957. I had a docket of three very small residential projects in the offering. They were all Frank Lloyd Wright-influenced, but certainly not on Wright budgets. They were all schoolteachers!

At 94 years old, what drives you to continue working every day, and what can others learn from you for the sake of their own longevity?



I continue to work because I love being around the creativity of what we do. I feed off the youth that surrounds me and I hope they benefit to some degree from my presence. Truthfully, the only reason I can still practice is because I jumped aboard when computer-assisted design entered the profession. Many of my contemporaries simply retired instead.

While I don't function at the level of the younger staff, I still can produce a detailed working drawing for construction or a simple 3D study when needed. My son Piet brought the firm to its present level of more than 10 architects, and he is now semi-retired. This past summer we had the rewarding experience of attending an open house for a new manufacturing facility. He had designed the intricate factory layout in the rear of the site; I had done the supporting office in the front. In his 32 years with the firm, we didn't have a lot of opportunities like that.

In what ways have you seen the state and the country change in your years doing business?

The strongest influence on our work in recent years is the up-front requirements before we can even seriously start on a project. Basically, we are required to submit almost complete civil engineering drawings covering the site as well as reasonably detailed renderings of the building appearance. For some of our clients, this cost, without assurance of even being able to build, is hard to swallow. Also, the green era has been a strong influence

on our building and zoning requirements and costs. I have always been green; I was taught that way, but today's green can often be extreme.

I know that golf is one of your personal passions. Could you tell us a bit about your journey in the game and some of your favorite experiences?

You may be sorry that you asked this question. I will have tough time stopping at "bit."

Acknowledging that I wasn't headed for football or basketball, my father set me up with a whole summer of golf lessons when I was 13. That did it. Three years on Ottawa Hills golf team, and I was off and running. Last January I played my 464th golf course in Florida (shot my age for the 20th time).

Major involvement with the game would be having served on the Board of Governors of the Golf Association of Michigan for 21 years. During this time, I became active in the birth of the USGA Slope Rating System, doing over 200 course ratings in Michigan and receiving the association's Distinguished Service Award. This board involvement took me to such fantastic courses on our fall trips as Winged Foot and Cherry Hills.

Now more name dropping. With the good fortune of having had a wife of 65 years who was an ardent golfer, I have been to Scotland five times, Ireland once. Now we have Carnoustie, Royal Troon, and many others, with the most rewarding

— St. Andrews Old Course — on the list. First time on The Old Course was in a rain storm, high winds and really cold. Loved it! Started out with three straight pars before I found one of those pot bunkers and made double.

Many club memberships over the years, which includes 20 years at Pinehurst Country Club.

What do you see as the most pressing issues facing our state?

One major concern is our major utility companies heading for an unrealistic goal in the use of "clean" energy. Michigan and solar are not reasonable companions. Any history of our weather should confirm this. I am waiting for someone to come up with a study of the amount of energy it takes to produce the aluminum that a wind vane requires vs. the energy that it will ever produce.

Why do you choose to support the work of the Mackinac Center?

I guess I am looking at the Mackinac Center as our local Judicial Watch. Judicial Watch has been producing an unbiased approach to seeking the truth in the U.S. government and I see MC doing the same close to home. ■

A Busy, Exciting Summer

Mackinac Center hosts numerous events all over Michigan



Our summer events, from top to bottom:

One of our unique events is our annual Making Waves sunset dinner cruise. This year we were on the Islander for a beautiful cruise down the Saginaw River. James Hohman and Michael LaFaive gave a presentation.

We hosted several policy forums around Michigan over the summer (read more about these events on page 9). On July 10, in Troy, Jarrett Skorup of the Mackinac Center and Christina Martin of the Pacific Legal Foundation presented on "Protecting your Property Against Abusive Governments."

Another policy forum was located in Portage, where attendees learned about how Michigan's auto insurance works, and what the new changes will mean for Michigan residents. Following the presentations, guests were invited to enjoy a complimentary tour of the Air Zoo Aerospace & Science Museum.

At a half-day event in Traverse City, guests were joined by Jason Hayes and Michael Van Beek of the Mackinac Center and Brent Skorup of the Mercatus Center.

We'd love to see you at our next event. To learn about upcoming events and register, visit mackinac.org/events or contact our events team at 989-698-1905.



Mackinac in the Media

After a fairly successful first few months of bipartisan government in Lansing this year, it's evident that cooperation between Gov. Gretchen Whitmer and legislative leadership has hit a roadblock. The cause? Roads.

Ever since the governor announced her budget back in March, the Mackinac Center has remained a strong critic of her proposed 45-cent-per-gallon increase in the gas tax. As negotiations on this issue continue, Mackinac Center experts Michael LaFaive and James Hohman have offered commentary in news outlets across the state. Op-eds centered around the budget have appeared in the Benzie County Record-Patriot, Brown City Banner, Lake County Star, Monroe News, Detroit Legal News, Alpena News and the Manistee News Advocate.

Budget discussions are not just about totals; they're about which programs are worthwhile and which aren't. The state's corporate welfare programs are great examples of wasted taxpayer dollars. While many of these programs will have to be voted on, lawmakers can let one corporate subsidy giveaway, known as Good Jobs for Michigan, just fade away. LaFaive wrote about this program in The Detroit News, saying, "A sunset provision in the law mandates that the program stop awarding new deals at the end of this year. Lawmakers should let the program die. Evidence shows targeted government

incentives for business are unnecessary and may even be economically harmful."

As political polarization continues to worsen, it's more important than ever to practice civility. Practicing goodwill, one component of the Mackinac Center's Values and Culture statement, can help. As Jack McHugh wrote in The Hill, "The essential prerequisite for civility is granting one's ideological and political adversaries the presumption of goodwill. Granting goodwill separates societies that settle political disagreements with ballots from those that do it with bullets. It's a core democratic habit."

In August, the Mackinac Center Legal Foundation filed a lawsuit in the Michigan Court of Claims against the Department of Licensing and Regulatory Affairs. We did so after the department failed to produce files requested under the Freedom of Information Act. This story was covered by several radio stations across the state, including Michigan Public Radio (an NPR affiliate).

The foundation also filed a lawsuit against the State Bar of Michigan for violating lawyers' First Amendment rights to be free from compelled speech and to freely associate. The legal challenge was covered by the Associated Press, Detroit Free Press, Detroit News, Gongwer, MIRS News, the Iosco County News-Herald and more. ■



Holly Wetzel
Communications Coordinator

My Time at Mackinac Prepared Me For a Life's Work in Liberty

Jacob Householder was a 2019 State Policy Network fellow with the Mackinac Center and worked with the advancement team.

My summer at the Mackinac Center for Public Policy has been an irreplaceable stepping stone on my path to a lifelong career in the liberty movement.

I am currently a senior studying financial economics at BYU-Idaho, and I recently helped start a new "do tank" in Rexburg, Idaho, called the Madison Liberty Institute. The Madison Liberty team encouraged me to apply for the State Policy Network's Development Apprenticeship Program and work at the Mackinac Center. In that program, I would learn the work of a development team from one of the premier think tanks in the liberty movement and then return to Madison Liberty to build its fundraising program.

I have helped start more than half-dozen nonprofits, primarily in the world of limited government and educating people about the Constitution. Although I was specifically assigned to assist in the Mackinac Center's fundraising efforts, I spent much of my 10 weeks there observing and interviewing a diversified, professional



team of experts in the fields of operations, communications, administration, policy, technology and fundraising.

My observations will help me transform each of the nonprofits I work with into excellent assets in the liberty movement.

The Mackinac Center has a list of 11 core values, and although I believe each is essential to its success, the value of "Ownership" has stood out among the rest. I believe the Mackinac Center has become a premier organization due to how well each member owns a responsibility to produce results. Each person owns his or her assignments with excellence, enthusiasm and humility. I have

never before associated with an organization where I could say that every single person is an expert in their respective field, but I truly believe this about the Mackinac team.

My work with the Mackinac Center has done much to prepare me for my continued work with liberty-minded nonprofits. The impact of my experience here will be evident throughout the rest of my life. ■

BY THE NUMBERS: PENSION LIABILITIES

\$1,048

The average burden of unfunded liabilities on each resident of the state's 100 largest municipalities

53%

Percent of the state population who reside in our 100 largest municipalities

20

Number of the 100 largest municipalities without any unfunded pension liabilities

Change begins with

you.