

IMPACT



Mackinac Center Policies Play Prominent Role in Michigan's COVID-19 Health and Economic Recovery Efforts

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Resetting Priorities for 2020

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A stylized rainbow logo consisting of three concentric, semi-circular arcs in yellow, orange, and white, with small dots at the ends of the arcs.

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LETTER FROM THE PRESIDENT

The Pandemic, Risk, and Rights

Two technologies made the COVID-19 pandemic the crisis it has become. Inexpensive global air travel assured that the new coronavirus would spread quickly to nearly every part of the world. The internet assured that the panic would travel faster, penetrate further, and mutate more than the virus itself. It's the speed of infection and (mis) information that knocked us off our footing as much as anything.

That's the opinion of a Mackinac Center friend I caught up with by phone the other day. Coming from an 88-year-old entrepreneur, the hypothesis is entitled to a little respect and fleshing out. Air travel and internet communication are valuable mainly because they're configured in the form of networks. And networks compress time.

Trips (before current restrictions) that would take weeks now take days. They can be scheduled in moments for departure in hours. Many trips we're now accustomed to taking simply never would have happened before air travel became so fast and cheap.

Mail that once took days is now email that takes seconds, thanks to internet pulses that take milliseconds. What had cost a few nickels is now indistinguishable from free. Build these global networks, slash their costs, accelerate them exponentially, and time and friction shrink. Travel and communication haven't just sped up and become cheaper. They've become whole new things.

But viruses are very old things. So are human misunderstanding, fear and panic. Even though we are learning quickly about the transmission, effects and eventual treatment of the virus, bad information is overwhelming the useful information. It shows how "a lie can travel halfway around the world while the truth is putting on its shoes." People don't know who to believe, what to do, how bad things can get, or how long until there is relief.

Governments, especially here in Michigan, have imposed a heretofore unimaginable,

prolonged crackdown on virtually every aspect of human interaction in the name of preventing virus-caused deaths. To call it an economic lockdown is to miss a much larger point about society. We are social creatures with inalienable rights who need physical resources in order to have healthy bodies and full lives. We are complete beings, with physical, emotional and relational needs.

Our well-being cannot be reduced to one dimension (such as physical health). Nor can it be precisely calculated by the experts on whom government officials say they rely to craft "scientific" and "data-driven" restrictions on our lives, liberties and happy pursuits. For our own good, they imply.

We expect government to wield some clearly defined emergency powers in genuine emergencies. It must be done without abrogating the rights of the governed, and it must be done to reduce overall harm, not just some harms. Enacting policies that maximize responding to the virus at the expense of earning a living and being with loved ones is like saying people need air but forgetting they also need water and food.

The virus is a serious threat, yet we can't expect to eliminate its risks. Free people balance hundreds of large and small risks every day. It's part of life. Anyone might prefer to require their fellow neighbors to treat every risk as conservatively, or liberally, as they do. But nobody gets their way all the time. In a free society, that includes public officials, which is what limited government is all about. ■

By Joseph G. Lehman



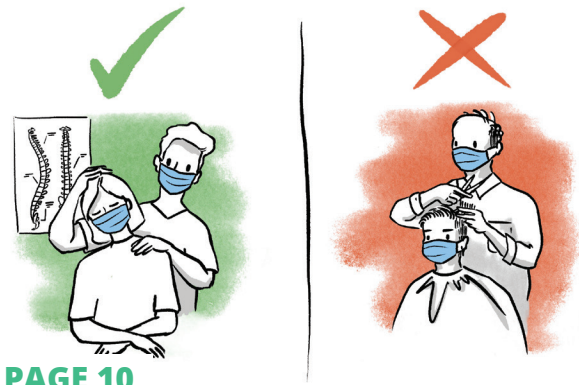
Joseph G. Lehman is the president of the Mackinac Center.

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BLOG

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

[Mackinac.org/blog](https://www.mackinac.org/blog)

DATABASES

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[MichCapCon.com](https://www.michcapcon.com)

Virtual Events with the Mackinac Center

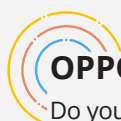
For all Michiganders, this uncertain and unusual time means we need to adapt to the environment and find new ways of carrying out our regular activities. The Mackinac Center has temporarily transitioned to virtual, online events that are free to attend and watch from the comfort of your own home. To find out more and to view archived video events, please visit Mackinac.org/Events.

 <p>April 14</p> <p>A man with glasses and a plaid shirt is speaking in a video call.</p>	<h3>Virtual Policy Forum on Healthcare</h3> <p>Featuring: Lindsay Killen, vice president for strategic outreach and communications at the Mackinac Center; and Greg George, health care policy and state affairs advisor for the Mackinac Center.</p>
 <p>April 21</p> <p>A man with glasses and a light blue shirt is speaking in a video call.</p>	<h3>Virtual Policy Forum on Labor</h3> <p>Featuring: F. Vincent Vernuccio, senior fellow at the Mackinac Center; and Joseph G. Lehman, president of the Mackinac Center</p>
 <p>April 28</p> <p>A man with glasses and a blue shirt is speaking in a video call.</p>	<h3>Virtual Policy Forum on Education</h3> <p>Featuring: Joseph G. Lehman, president of the Mackinac Center; Ben DeGrow, director of education policy at the Mackinac Center; Michael McShane, director of national research at EdChoice; and Robert Pondiscio, senior fellow and vice president for external affairs at the Thomas B. Fordham Institute</p>
 <p>May 4</p> <p>A man with glasses and a patterned shirt is speaking in a video call.</p>	<h3>"Crisis and Leviathan" in Light of the COVID-19 Crisis</h3> <p>Featuring: Robert Whaples is a professor of economics at Wake Forest University and the co-editor of The Independent Review</p>
 <p>May 12</p> <p>Joe Lehman Rich Studley Michael Van Beek</p> <p>A man with glasses and a light blue shirt is speaking in a video call. Below the main video are three smaller video thumbnails.</p>	<h3>How to Re-Energize Michigan's Economy in 2020</h3> <p>Featuring: Rich Studley, president & CEO of the Michigan Chamber of Commerce; and Joseph G. Lehman, president of the Mackinac Center</p>

MICHIGAN VOTES

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Resetting Priorities for 2020



The COVID-19 pandemic has greatly disrupted most facets of life in Michigan. Many businesses are either operating remotely, under strict limits, or not at all. Families, friends and churches have been physically disconnected. School buildings and have been shuttered and community rituals curtailed. Travel has been heavily restricted, with some types banned entirely. And as with 9/11, there will be no “returning to before,” but more likely a lengthy transition to the next “normal.”

When the lockdown ends and the Michigan Legislature returns to regular meetings, the landscape before it will look fundamentally different.

For starters, lawmakers will have less money to spend. Officials expect that the current year’s budget will have \$3.2 billion less than they thought when they set the budget. Over the last decade, the state has saved diligently for the next crisis, but its rainy day fund is not nearly big enough to fill either depression-sized budget hole. Thus legislators will have to work quickly to make the painful spending cuts necessary to fulfill their constitutional mandate of a balanced state budget.

Legislators will also have to monitor the medical condition of our state to ensure that we have survived the first wave of COVID-19 and are better prepared for its likely return in the fall or winter. They will also need to assess what worked and what didn’t in our initial response. The governor’s emergency

powers have come under scrutiny, but the review needs to go much deeper than looking at those.

Toward that end, the Mackinac Center has retooled its 2020 legislative agenda to more effectively meet the needs of Michiganders, both during the next pandemic and also the next normal. Among other things, it calls for the state to repeal unnecessary and harmful regulations that interfere with innovation and prevent people and businesses from responding to changing individual needs and preferences.

In health care, that means permanently getting rid of the certificate-of-need laws that we had to waive during the crisis to add necessary medical facilities. It means reforming scope-of-practice and licensure requirements so that medical professionals can provide care consistent with their level of training. It means permanently expanding patient access to telemedicine; increasing the duration and flexibility of short-term, limited-duration health insurance plans to the maximum extent allowed under federal law; and protecting patients against surprise medical bills.

In education, that means expanding digital (that is, blended) learning and moving toward a system that strongly supports personalized, mastery-based learning.

In the workforce, that means reducing the burdens of occupational licensure. The

Legislature should narrow the use of criminal history in licensure decisions, establish regular reviews of the necessity and propriety of state occupational licenses, and demand conformity and reciprocity of licenses with other states and the U.S. military.

During the pandemic, the actions of some other states highlighted Michigan’s archaic system of alcoholic beverage regulations. Among the numerous flaws in Michigan law, it is inexcusable that Michiganders remain unable to receive beer, wine or spirits shipments from retailers and wine clubs based in other states.

If some of this sounds familiar, it should. The COVID-19 pandemic has vindicated many concerns the Mackinac Center has raised for years about harmful government regulations. Gov. Gretchen Whitmer recognized the importance of waiving several of them in her executive orders. We now urge her and the Legislature to repeal these restrictions for good. ■

By David Guenther

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

Michigan Eliminates Unnecessary Licensing Burdens to Fight Virus

These should be permanently removed

Michigan's largest hospital system, Beaumont Health, alone has 500 nurses who have tested positive for COVID-19. Health providers all across the state are stepping up to fight the virus, with many prepared to make the ultimate sacrifice.

Because of this emergency, Michigan law gives the governor almost unilateral power. One of the ways Gov. Gretchen Whitmer has used it is to remove a host of regulatory burdens in order to better fight the virus.

This includes lifting "certificate of need" laws that force health providers to go through a bureaucratic process to expand facilities and add equipment. The governor also will allow medical professionals to skip part of their certification mandates and expand the "scope of practice" for nurses.

All of this is certainly useful. But the evidence shows that these regulations should be permanently eliminated when the crisis is over.

In 21 states, nurse practitioners (highly trained registered nurses) can operate independent of doctors — overseeing patients, prescribing medicine and running facilities. In 17 states, they can operate a "reduced practice," working with a lot of independence, subject to some restrictions. In only 12 states, including Michigan, nurses operate under a "restricted" regime. That is, they can only work under the supervision of a doctor and generally cannot prescribe medicine.

According to Thomas Hemphill of the University of Michigan-Flint, decades of research shows no difference in health

outcomes between patients treated by nurse practitioners and those treated by doctors. Insurers also don't care, either; there is no measurable premium difference among states that can be attributed to their licensing requirements.

"Nurse practitioners are a highly competent, cost-effective yet underutilized health care professional," Hemphill said. "Full practice legislation would go a long way toward solving [many] health problems."

Unfortunately, Michigan's scope-of-practice rules prevent nurses from fully contributing to our health care. As Michigan confronts a shortage in medical providers, particularly in rural areas, it makes sense to roll back licensing requirements and bureaucratic rules that don't serve to protect the public.

But how do we determine which licensing rules are necessary for public safety and which simply stand in the way of people working, for no reason? That's the subject of a new report I wrote with Professor Hemphill, "How to Analyze Occupational Licensing Laws: A Model Review Process."

Several states have recently passed laws requiring regular reviews of their occupational licensing laws — the fees, education and training requirements, testing mandates and other regulations workers are subject to. Michigan has a bill introduced to do the same, Senate Bill 40, though it has not yet passed.

Our report provides a model for what to consider in order in determining if a license makes sense, or whether other, less

burdensome regulatory options are better. The model includes:

- Providing a legal definition of an occupation, including the scope of work
- Determining how many people are licensed in the occupation and if the requirement is enforced
- Looking at how many other states license this occupation and comparing the requirements
- Tracking how many complaints are filed about workers in this field and whether they relate to public health and safety
- Comparing regulations (or lack thereof) between similar occupations
- Determining if liability insurance rates are different and related to how highly regulated an occupation is

Most people are aware of silly government rules that don't make sense, or regulations that don't work in the real world. The state should not be imposing laws that serve no purpose, and having an independent body regularly analyze these rules is good for everyone.

Learn more about this work at: www.Mackinac.org/Licensure. ■

By Jarrett Skorup

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

Mackinac Center Policies Play Prominent Role in Michigan's COVID-19 Health and Economic Recovery Efforts

Michigan has garnered national attention for the policies — both good and bad — that Gov. Gretchen Whitmer has enacted under her emergency powers to address the COVID-19 crisis. Throughout the pandemic, the Mackinac Center has provided guidance and recommendations to her administration and legislative leaders, which can immediately address the public health challenge and serve as a roadmap for economic recovery.

We've also been there when the administration's gotten it wrong, and rather than say, "We told you so," the Mackinac Center has provided a clear path back to ideas that are good for all Michiganders.

As Gov. Whitmer began to assess policy reforms that could be carried out by executive order following her emergency declaration, we began to educate legislative leaders and her administration. Our focus has been on changes that could have the most impact — both in the immediate and long term — and were sound policy reforms in either good or bad times.

Shortly after we began these conversations with policymakers, the governor issued a series of healthcare-specific policy reforms through executive orders, drawing straight from the Mackinac Center playbook. Over the ensuing weeks, she would go on to veto a number of pork-spending items in the state budget, embracing Mackinac's suggestions that government spending be limited to providing for essential services.

Here are the policy changes inspired by the Mackinac Center that have been enacted to address the COVID-19 crisis:

Health Care Reform

Suspend state certificate-of-need (CON) laws. These rules require health care providers to seek a permission slip from an unelected state board before expanding critical capacities and services, such as adding more hospital beds, intensive care units, or acquiring imaging technology.

Loosen scope-of-practice restrictions on medical personnel. Scope-of-practice regulations have limited medical professionals from providing care to the full extent of their training. Loosening these restrictions increases the number of qualified providers available to patients and increases patient access to critical care. The new provisions allow for a number of nursing professionals to provide additional levels of patient care, and pharmacists to aid patients with maintenance-of-health efforts like point-of-care testing, updated vaccinations and screenings for influenza and strep.

Grant Relief to Certain Licensing Restrictions on Medical Personnel. State licensing laws govern a multitude of industry professionals, and they can sometimes be barriers to entry for new or out-of-state professionals. They also can keep some professionals from continuing their work, and in response to the pandemic, the governor approved a number of changes. These emergency licensing reforms gave immediate certification to advanced medical students, allowed for automatic renewal of lapsed licenses, and suspended continuing

education requirements and fees for medical professionals to keep their licenses current. They also allowed for licensed medical practitioners from outside the state, whose licenses are in good standing, to treat Michigan patients.

Through regulatory action and in a separate order, the governor also expanded access to telemedicine, allowing patients to visit their doctor via webcam, thereby lightening the load at health facilities.

Spending Reform

With the support of lawmakers, the governor used her line-item veto power to reject \$80 million in nonessential spending, including spending on a number of programs the Mackinac Center has long suggested are a waste of taxpayer dollars. These spending vetoes include:

\$36.2 million of grants to individual projects which should be paid for with local dollars, including such items as \$250,000 for an arts center in Bay Harbor and \$500,000 for a breakfast program in Oakland County

\$16 million in funding for the state's tourism advertising campaign, Pure Michigan. Michiganders should not be paying millions for a tourist program, especially when individual travel is restricted. ■

By Lindsay Killen

Lindsay Killen is the vice president for strategic outreach and communications at the Mackinac Center.

Even though most state residents initially supported the shelter-in-place policy, some people started to debate whether the ways it has been implemented are reasonable. As Gov. Whitmer and legislative leaders continued to debate the scope of her emergency powers and how to implement them, the Mackinac Center worked with the Michigan Chamber of Commerce to develop principles that policymakers should consider.

Here is an edited version of our joint statement:

Public Health First: Policymakers' number one priority should be to protect the public health while remembering that productive, rewarding work is a key to our physical and mental well-being. The state should focus on public safety and helping businesses create safe workplaces as soon as possible. Businesses that can responsibly using recognized safety protocols should be allowed to do so.

We Must Live With Risk: Every day, millions of Michiganders take countless risks to their health and safety — driving vehicles, working around the house, eating out. These are risks we are comfortable taking regularly, and eliminating all of them is not a realistic goal. Michigan's economic recovery must start even in the face of some risk.

This Emergency is Temporary: Even though the emergency declaration Gov. Whitmer issued was necessary, the Legislature retains an important voice in the debate and should evaluate the current and future orders, consistent with its powers. In addition, lawmakers and interested parties should thoroughly review the emergency powers in statute and improve them to better address future crises.

Policy Guidelines

Consistency and Clarity:

Policymakers will have to make many important decisions in the near future. They should strive for consistency and clarity, as these decisions will affect entrepreneurs, job providers and their employees. None of these decisions are easy, but businesses will be better able to adjust if the government's expectations of them are clear and follow a predictable logic.

Transparency: The law grants the governor extraordinary power during a time of crisis, but that should not diminish the responsibility the government has to be transparent. Policymakers should openly explain their decisions and the supporting rationale. They should not single out certain industries and businesses for special treatment in the recovery. Nearly every business has been affected in some way, and recovery policies should apply as broadly as possible.

The Economic Recovery

Economic Growth and Public Health Go Hand-in-Hand:

There is no need to sacrifice public health for economic growth, and

it's important to remember that economic downturns harm public health, too. Policymakers need to recognize this fact when crafting policies for the emergency and the recovery.

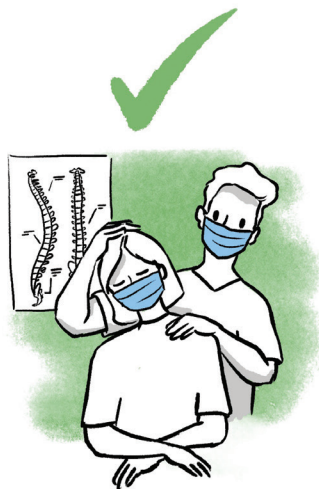
A Limited Role for Government:

While policymakers can provide important support and guidance, they should view their role in the recovery as a limited one. It will be Michigan's entrepreneurs and hard-working employees who will ultimately rebuild Michigan's economy. Recovery plans should not be focused on expanding government's reach or creating new government departments.

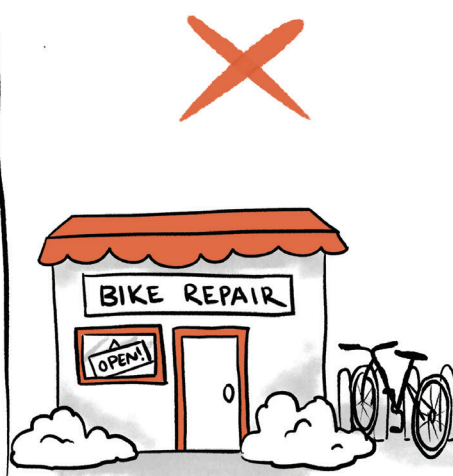
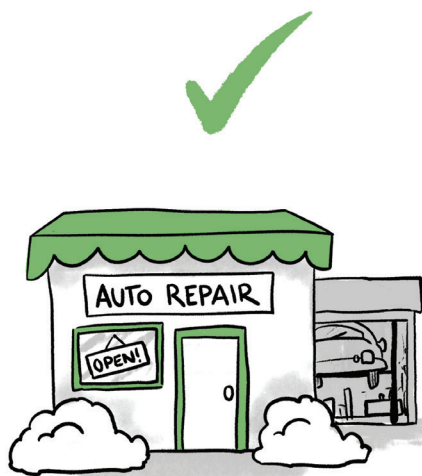
Focus on the Fundamentals: Full economic recovery will require creating a fertile environment for new businesses to start and for existing firms to create new jobs. This should be the primary focus of state aid and policy in the recovery: Promote free enterprise, entrepreneurship and new job creation.

Michigan's Arbitrary Lockdown Rules, in Cartoons

While most people agreed that Michigan citizens and businesses needed to impose restrictions in order to fight the COVID-19 crisis, the executive orders locking down the state were often arbitrary and overly restrictive. To show some of the problems with the shutdown rules, Mackinac Center graphic designer, Iliia VanDerhoof, drew a series of cartoons. These were immensely popular — ultimately being seen and shared by hundreds of thousands of people in Michigan. Most of these regulations were ultimately revised by the governor.



Chiropractors are allowed to carefully serve clients while following strict safety protocol. Barbers and cosmetologists, who could easily follow similar safety protocol, are outlawed.



People can ride automobiles or bikes, but only car repair shops are deemed essential.



"If they want to walk the course, I suppose they can, but with no golf clubs in their hands and no balls." – Michigan Attorney General spokesperson



Colleen Cook from the National Coalition for Public School Options talks about her experience in online learning as well as providing reassurance to people new to the home-based routine.

Kennesaw State University professor **Eric Wearne** talks about his experience transitioning from traditional schooling to homeschooling and the benefits of hybrid homeschooling.

Tillie Elvrum discusses how a lot of parents are suddenly facing the challenge of having to help educate kids at home.

EDUCATION POLICY

Helping Parents Adjust to School at Home

The month of March jolted many parents with the sudden realization that school buildings statewide were shut down. Children under the daily care and guidance of educators eventually were left to learn at home for the rest of the academic year.

Michigan provides a great deal of homeschooling freedom, as well as numerous public virtual education programs that provide home-based learning. Still, the overwhelming majority of school-aged children are enrolled full time at brick-and-mortar campuses, transported by yellow buses or parent carpools, receiving instruction in person from teachers in classrooms populated by their peers.

But the emergence of the COVID-19 coronavirus quickly reshaped the nation's experience with educating children. Parent Advocates for Choice in Education, a grassroots network launched with support from the Mackinac Center, reacted quickly to release the "Learning at Home, Keeping Pace" video chat series. It features parents experienced in home-based education offering encouragement and insights to those facing a newfound challenge.

Tillie Elvrum, an outspoken choice advocate from Colorado whose son spent 10 years in a full-time online school, inspired hope with her opening chat. "This isn't necessarily what you would have chosen or how you thought your school year was going to play out," she said. "But

I'm here to tell you that it can be done, and you have a lot of support."

Several presenters talked about different ways to foster a love for learning outside classroom walls. Kerry McDonald, a senior education fellow with the Foundation for Economic Education and homeschooling mom, gave suggestions on what families can do each day after children complete their required assignments. They can use the extra unstructured time to talk with each other, read aloud, and explore their creative interests through the many digital resources that are now available for free.

Kelly Smith, a physicist and entrepreneur from Arizona who founded the private microschool Prenda, described the pandemic as a modern version of the Cold War's Sputnik moment. Where it's appropriate, he said, parents might discuss current events to stimulate a child's interest in the sciences as a way to help fight future infectious diseases.

Underlying some presentations was the view that the temporary push into distance learning may broaden currently held views about education. Most people believe "school is somewhere you go, learning is something you go there to do," said Betsy Springer, who teaches her own children at home and at the Gull Lake Virtual Partnership, a hybrid district-homeschool program near Kalamazoo. "I want my kids to know that they're always learning."

Eric Wearne, a professor at Georgia's Kennesaw State University, has encountered hybrid homeschooling, not only as a father and as a teacher, but also as a researcher. Parents new to home-based education may learn from those accustomed to learning part time at home under a parent's supervision that "more time going back into families, even if it's unstructured, can be a good thing."

When the crisis hit, friends asked Leanne Van Beek, wife of Mackinac Center research director Michael Van Beek, to share her insights from years of educating her own children at home. While this unexpected season may cause many families to give homeschooling a careful look, she said, many are under greater stress and just seeking to survive.

"Remember this is not your new normal forever. This is your new normal for a season," she said, encouraging parents to enjoy the extra moments they might not usually get to experience. "Try to embrace those little things along the way."

The entire "Learning at Home, Keeping Pace" video series can be found at www.mipace.org/videos. ■

By Ben DeGrow

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

THANK YOU



We know supporters of the Mackinac Center care deeply about their communities. We have highlighted two stories of Mackinac Center supporters stepping up to help provide needed equipment to health care workers and other community members: masks, which are now required in many retail buildings, and hand sanitizer, which has been hard to find since the beginning of this crisis. If you have a story to share, we would love to hear from you.

Please visit: Mackinac.org/covid-19stories

Bellaire Distillery Helps First Responders, Citizens, By Producing Sanitizer

When Chad and Tracy Munger founded Mammoth Distilling in Bellaire, Michigan, in 2017, they were eager to make outstanding adult beverages against the backdrop of beautiful Northern Michigan. But they never imagined they'd find themselves in the hand sanitizer business. The COVID-19 crisis, however, created a shortage of that product, and the Mungers stepped in to fill the void.

"We saw an opportunity to do good, and to do commerce," said Chad Munger, as he described their strategy of giving away massive

amounts of free sanitizer to hospitals and first responders. They also sell bulk-size amounts to larger businesses at very low prices, and anyone can bring a small empty bottle to their tasting rooms in Traverse City or Bellaire and have it refilled at no cost.

To date, the Mungers have given away over 1,200 gallons of sanitizer to help fight this virus, and they plan to produce 32,000 gallons in the next three weeks. But that couldn't happen without government regulators stepping out of the way. "Hand sanitizer is a drug regulated by the FDA," said Chad. He went on to say, "I applaud their wisdom in quickly recognizing the need and lifting the barriers for companies like ours to do this."

Michigan is blessed to have entrepreneurs like the Mungers, and to have Mammoth Distilling on our side when we need it the most. ■





Stepping Up to Make Masks

Lynn Klammer does not know how to sew.

But that didn't stop her from joining forces with two other volunteers to form 4M: Mid-Michigan Mask Makers. Together, with many others, they provide face masks to health care workers and organizations during the COVID-19 pandemic.

"Sew? I don't sew. That's not going to happen," Klammer said when her friend Tami Davis suggested in late March that they start making masks. But Klammer does have experience in managing projects and fundraising, so, along with Davis and a third volunteer, Heather Boyd of Saginaw, she launched a Facebook page about the need for masks.

"It just took off. It became a full-time job," Klammer said.

Within three days, they had 200 volunteers, including 150 active seamstresses who turned out 3,500 cloth face masks in the first three weeks. By June 1, they had distributed more than 13,000 masks.

"We knew we wanted to set it up like a business," Klammer said. "We wanted it to run efficiently."

They set up a quality control process. All the masks went to Davis first, who checked them for workmanship. They also set up a distribution process — under social distancing guidelines — so that only a few people were involved in picking up and delivering material or masks, with limited personal contact.

Klammer started reaching out to businesses for donations, and the group also set up a GoFundMe site to accept gifts. Being featured in local media helped immensely, Klammer said.

"It gave us credibility," she explained. Most businesses prefer to make donations to groups that have a 501(c)(3) designation from the federal government, which means that the group is recognized as a charitable organization and that gifts to it are tax-deductible.

But with so many government offices closed, getting 501(c)(3) approval quickly was impossible, Klammer said. She then sought out an existing charitable organization to "sponsor" 4M in the interim; as of this writing, she is still looking.

Another important decision that 4M leaders made early on was to shift their focus away from hospitals to smaller operations, such as nursing homes, and people who provide home health care. She said she was surprised by the number of workers who were not provided with masks.

"There were a lot of people who didn't get the same attention as large hospitals," Klammer said.

By June 1, 4M had provided masks to more than 200 organizations, mostly in Saginaw, Bay

and Midland counties. Although other groups approached them about merging into a single, larger operation, 4M chose to remain independent and avoid "all that bureaucracy," Klammer said.

Klammer is a fan of small-group efforts in general.

"I've always thought small groups could do so much more than big government," she said.

It isn't just the health care workers who benefit from 4M, Klammer said. It's also the participants.

Not only do the group members feel they are helping fill a need during the COVID-19 crisis, they also have become a community among themselves. Long into the night, Klammer said, her computer "pings" when the group members send messages back and forth.

"It's really been eye-opening to me," she said. "It's been amazing." ■



A contact-free drop off and pick up zone to share masks.



Mackinac in the Media



Holly Wetzel
Communications Coordinator

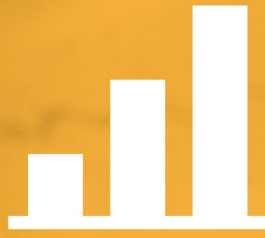
There's no doubt that the COVID-19 pandemic has been the primary focus of nearly every media outlet in the country these past few months. At the beginning of the crisis, the Mackinac Center continued to be a voice of sound policy by calling for immediate changes to various policies to help mitigate the impending challenges. As Michiganders put their lives and livelihoods on hold, the Mackinac Center has been looking ahead to prepare for the reopening of society.

At the start of the crisis, Mackinac Center's Lindsay Killen teamed up with Naomi Lopez from the Goldwater Institute to call on states to repeal arcane certificate-of-need laws. These laws, found in 38 states, require hospitals to get permission from a government board to add beds or begin new treatments. As Killen and Lopez wrote in the Washington Examiner, "State lawmakers have both the authority and the duty to put patients first. They should do so by bringing urgent legislation to immediately remove certificate-of-need laws, allowing healthcare providers to fully examine how they may expand to meet new demands." Killen also discussed certificate of need laws on the Daily Signal podcast and was quoted in The National Interest.

As the crisis throws Michigan into numerous budget debates, the Mackinac Center fiscal policy team has been a consistent voice for free-market principles. When the state entered the initial COVID-19 budget debates,

a heap of pork was included. Thankfully, Gov. Gretchen Whitmer and the Legislature reprioritized spending in ways that were more valuable to Michigan taxpayers, a move that was praised by Michael LaFaive and mentioned in a Detroit News editorial. The pandemic's effect on local pension funding was discussed in an op-ed in Bridge Magazine, co-authored by Mackinac's James Hohman and Craig Theil of the Citizens Research Council. The Mackinac Center also published a series of items on spending cuts and other reforms, some of which were written about in MIRS News. And in a commentary published by The Hill, contributing editor John LaPlante wrote of state government efforts, "When extraordinary curtailment of freedoms are involved, transparency is key."

It's critical to always be looking ahead, and the Mackinac Center and Michigan Chamber of Commerce did just that when they published their document, Guiding Principles for Re-Energizing Michigan's Economy in 2020. In addition to being delivered to every lawmaker in Lansing, the principles were also promoted in the media. An op-ed co-authored by Joseph G. Lehman and Rich Studley, president and CEO of the Michigan Chamber, appeared in both the Detroit Free Press and The Detroit News. In the piece, they focus on this theme: "Protecting the public health and safely reopening the economy are not mutually exclusive. We can do both at the same time if the state plays a proper and productive role in supporting Michigan's economic recovery." ■



NEW RESEARCH

Budgeting in The Pandemic

The COVID-19 pandemic will lower the state government's revenue and increase demands for its services for the current fiscal year and likely for the next one as well. Lawmakers' priorities should have changed from when they set budgets last October and December. How they reset fiscal policy is far from certain, given how much legislators and the governor have clashed over fiscal priorities.

Budget negotiations are private. It's up to elected representatives to come together to determine state spending, and that is done behind closed doors.

So I spoke with Talmadge Heflin of the Texas Public Policy Foundation about his experience in these negotiations. He was chairman of the Texas House appropriations committee during a budget crisis of 2003, when lawmakers were able to cut \$10 billion in biennial state spending.

While there was a lot of work done to reduce expenses that much, he said, the important thing was that the governor and the Legislature were aligned at the beginning in what they wanted to do. They were going to cut the budget instead of raise taxes or go into debt.

They were able to set targets for different agencies and work with department heads to stretch dollars further. This meant that they did not have to make across-the-board reductions, although they did have an overall target.

Legislators in the majority party made sure to let people in the minority have a say over the budget, too, especially where budget

decisions directly affected their districts. They likely had the votes to act without bipartisanship, but the approach they took also won bipartisan votes for the budget's final approval.

But getting lawmakers centered around the same goal isn't going to be a given in Michigan right now. Last year, the budget was a point of contention between the Republican-majority Legislature and the Democratic governor. The governor wanted to raise taxes to increase funding for roads and other spending areas like schools and Medicaid. Republican legislators wanted to rely on the state's growing revenues to increase road funding.

They butted heads until the next fiscal year started, and in the end, neither side got what they wanted. There was less road funding and no tax increase. There was no alignment around what should be done, so there wasn't much room to compromise.

Lawmakers might not revisit this kind of fighting anytime soon, however. They seem to be taking this pandemic seriously and want to work together through it. There is a lot of uncertainty about what will happen, and there will be conflict about the governor's emergency powers. The opposing agendas from the previous year, however, may be gone.

If that's true, then they can quickly rebudget to new pandemic priorities while trimming expenses and stretching remaining dollars further. If they don't, it's uncertain what will happen. When there is a lack of consensus about what to do in the face of the state

overspending its revenues, budgets go to the last minute, lawmakers look for gimmicks to avoid consequences, debt becomes tempting and tax hikes sometimes occur.

It's not a given that cutting the budget will be their shared goal this time around. Some legislators may want to raise taxes. Others will seek to borrow money through the pandemic period. All of them should work through those differences and do their best to abstain from placing further burdens on the state's already strained residents.

There's a lot of room to cut in the budget if there is a will among lawmakers to do it. And as the former legislator from Texas pointed out, getting that shared will make all the difference. ■

By James Hohman

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

CARES Act Provisions for Charitable Giving

Editor's Note: The Coronavirus Aid, Relief, and Economic Security Act, or CARES, includes new tax provisions for making charitable contributions and withdrawing money from retirement plans in 2020. Beth O'Laughlin, a partner in the Holland office of Warner Norcross + Judd LLP, discusses several of those changes below. O'Laughlin focuses her practice on trust and estate planning and administration, succession planning, tax matters and wealth preservation. She works with young professionals, entrepreneurs, high net worth clients, and closely held and family businesses.

Q. What new tax benefits does the CARES Act offer to people who give to charity?

A. The act creates two new tax benefits for people who give to charities. First, it provides to taxpayers who do not claim itemized deductions on their tax returns a \$300 deduction for charitable gifts. In other words, it allows individuals who take the standard deduction to take an above-the-line deduction of up to \$300 for qualified charitable contributions.

Second, the act lifts the cap, created by the 2017 Tax Cuts and Jobs Act, on how much a donor can deduct in charitable gifts in a single year. Under that law, taxpayers may use certain cash contributions to deduct up to 60% of their contribution base, which is their adjusted gross income (AGI) before net operating loss carryback amounts. The excess is deductible in future years, subject to the percentage limitation. The CARES Act eliminates the

cap for 2020. Thus, donors can deduct gifts equal to the full amount of their AGI this year. For businesses, the act also increases the limit on the deduction for charitable contributions from 10% to 25% of taxable income and, for contributions of food inventory, from 15% to 25% of aggregate net income.

Note that the increased limits apply to cash contributions only.

Q. Are there any restrictions regarding the charitable organizations to which qualifying gifts can be made?

A. Yes, to qualify for the new benefits under the act, gifts must be made to organizations described in Section 170(b)(1)(A) of the Internal Revenue Code, which, generally speaking, means public charities. The benefits will not apply to gifts made to donor advised funds or to supporting organizations (a specific type of public charity that carries out its exempt purpose by supporting other exempt organizations, usually other public charities). Gifts made to those organizations will invoke the old deduction rules.

Q. What if I made charitable gifts in 2020 BEFORE the act was adopted? Do the new rules apply to them?

A. Yes, the benefits of the CARES Act apply to all charitable gifts made during the 2020 calendar year.

Q. The CARES Act also includes several new provisions about retirement plans. Can you tell us about changes in required minimum distributions?

A. The Act waives all required minimum distributions (RMDs) for IRAs, 401(k)s, 403(b)s, and other tax-favored defined contribution retirement plans for the 2020 calendar year. This waiver includes RMDs not yet taken by those who reached age 70 ½ in 2019 and would have been required to take their first RMD by April 1, 2020. The act does not affect the provisions of the SECURE Act that delay the age at which RMDs start to 72 for anyone who did not reach age 70 ½ before Jan. 1, 2020.

Q. Can I still give directly to a charity from my IRA and have it count as a charitable contribution?

A. Yes, an individual who uses some or all of his or her RMD to make a gift to a charity as a qualified charitable distribution can continue to do so. The amount of the distribution will be excluded from income, as in past years.

The Mackinac Center is a public charity under Section 501(c)(3) of the Internal Revenue Code. Gifts to the Mackinac Center, including gifts made directly from IRAs, are tax-deductible to the full extent allowed by law.