

The Magazine of the Mackinac Center for Public Policy SEPTEMBER/OCTOBER 2014

IMPACT



JUDGE'S DECISION IN MACKINAC CENTER CASE COULD OPEN WINDOW OF FREEDOM

By Patrick Wright Page 5

FOLLOWING THE LAW?

Making Right-to-Work Matter in Public Education

By Audrey Spalding Page 11

update!

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Informing, enforcing, inspiring freedom

After the Mackinac Center's unprecedented effort to educate Michigan Education Association members of the union's so-called "August window" resignation period, no one knew that a monumental decision regarding the window was just days away.

In June, the Center began an informational effort to let MEA members know that they had a right to resign from the union, but that the MEA restricts that right to the month of August.

The idea of informing education employees about their rights upset those who believe in forced unionism and the ability of the union to get an employee fired for simply refusing to financially support it.

AugustOptOut.org was born. Thousands used the website to gain information on union membership and right-to-work; read testimonials from teachers who decided to leave the MEA; got answers to frequently asked questions and help with their decision of whether to opt out of the MEA.

When August was over, another significant event happened. An administrative law judge agreed with the Mackinac Center Legal Foundation that the "August window" is illegal. Three days after the largest informational effort regarding the "August window" ended, a judge struck down the right-to-work restriction. Read more about this on page 5.

A policy is only as good as the enforcement behind it. That's why Education Policy Director Audrey Spalding uncovers school districts that ignore and/or flat-out defy the law when it comes to right-to-work.

Spalding's research shows around 25 percent of right-to-work eligible school districts kept language in their

contracts that violate Michigan law. Find out how schools are doing this on page 11.

Our news service, Michigan Capitol Confidential, keeps the issue of underfunded pensions front and center. A recent series of stories shows how the average system among the top 100 cities in Michigan is funded by just 65 percent. Imagine having to pay a bill and setting aside just 65 cents for every dollar owed. That's what it going on right now. The Mackinac Center has recommended solutions to the problem of politicians underfunding pensions. Legislation has been introduced to address it that you'll find on page 12.

National Review's Kevin D. Williamson told a packed venue in Lansing that "The End is Near and It's Going to be Awesome." That's the title of his book that details how big government policies will eventually fail and how free-market policies make a way to a better life. If you missed the event, check out a summary on page 14.

Immigrants from England seeking a better life arrived in the United States around 1900 and settled in Bay City. Through hard work and principle, the family succeeded in business and provides employment opportunities for scores of families. The family also supports the Mackinac Center in its mission to make Michigan a better place. Discover the story of the Rowley family on page 6.

These are just a few of the highlights you'll read in this edition of IMPACT magazine. Thank you for your interest in public policy issues and seeing how the Mackinac Center advances liberty and opportunity for all people. ■

Dan Armstrong is director of marketing and communications for the Mackinac Center.



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WHAT FOLKS ARE SAYING
ABOUT THE MACKINAC CENTER

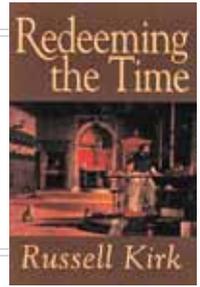
"Thanks to the Mackinac Center for highlighting Michigan school districts that ignore or violate state law."

— Rich Studley, President and CEO of the Michigan Chamber of Commerce

JAMES HOHMAN RECOMMENDS "REDEEMING THE TIME" BY RUSSELL KIRK

This book is an adaptation of a series of lectures that Kirk gave to our sister think tank, The Heritage Foundation, and on college campuses. This is his first collection to appear posthumously and is interesting to see him grapple with some more contemporary cultural phenomena.

A professor at Northwood University remarked that Kirk's observation on forming good societies is this: order, then justice, then freedom. Yet this cannot be forced. "These blessings grow but slowly, and by good nature," Kirk states. He discusses multiculturalism, democracy, and even libertarianism to elaborate on those conditions.





Joseph G. Lehman

What Should the Next Legislature Do?

The next Legislature could enact a number of Mackinac Center ideas if November's elections produce conditions that favor freedom.

In 2010 we updated our "101 Ideas to Revitalize Michigan."

The Legislature and governor have since fully or partially enacted dozens of them. Here is some unfinished business and some new recommendations.

JOSEPH G. LEHMAN

- Ask teachers and government employees at all levels to join state workers who already have 401(k)-style pensions to keep their currently underfunded plans safe and protect taxpayers.
- Bring all government employee benefits into balance with private-sector averages. Fully closing the gap would save \$5.8 billion annually.
- Repeal the "prevailing wage" law that forces schools to waste \$224 million annually.
- Expand educational choices by letting the money follow students to any school, public or private, through a scholarship or tax credit. (The constitution would also have to be amended for this one.)
- Inject a little democracy into unionized government workplaces by holding union recertification elections every two years.
- Strengthen government transparency. Prohibit bureaucrats from obstructing document requests and charging taxpayers absurd amounts to view public records.
- Reform corrections. Analysts across the political spectrum put savings at \$500 million or more. Failure to address over-criminalization means innocent people are often swept up in dragnets of injustice.

- Put teeth in laws intended to reward teachers by merit and prohibit unions and school officials from bullying workers. Stop forcing taxpayers to pay for school employees assigned 100 percent to union business.
- Consolidate multiple state agencies into one Department of Permitting, especially for environmental and various regulatory permits.
- Root out regulations designed primarily to protect the powerful from competition while doing little for public safety.
- Continue tax relief. Lower overall rates for everyone instead of adding back special exemptions, loopholes and favors.
- Eliminate anything on my colleague Mike LaFaive's new list of \$2.1 billion in recommended savings that is less important than any core government function, especially corporate welfare.
- Fix the roads. For ideas on where to find some money for that, see above.

All policy moves through a political process. Few candidates, including Gov. Snyder, are campaigning on these issues now. That's politics. But neither did they campaign very much four years ago on the Mackinac Center ideas they since enacted into law, including significant net tax relief, cuts to corporate welfare, greatly expanded school choice, bans on unseemly union dues-skimming schemes, and of course the nation's 24th right-to-work law.

This isn't the entire Mackinac Center agenda, but it would be a good next step. Hopefully this column is a preview of coming attractions. ■

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Four Saginaw Teachers Stand Up and Win

In September 2013, the Michigan Education Association had a surprise for the nearly 8,000 public school employees who thought that by not signing up for the union's e-dues that they were expressing their desire to disaffiliate from the union and thereby exercise their freedoms under Michigan's newly enacted right to work law.

The union announced that it was going to enforce its little-known bylaw purported to only allow members to resign during the month of August. Through the efforts of the Mackinac Center Legal Foundation and four brave Saginaw school teachers, the so-called August window has been declared illegal.

When public school employees were first hired, the MEA made them sign a form where the employee either promised to pay the union cash or allow the school district to take out any dues from the employee's paycheck. The form did use the word "member" or "membership" in a few places, but provided no guidance as to the terms of membership. The form did not mention the existence or the MEA bylaw and new employees were not systematically, orally informed of them.

For many years, the process of resigning from the MEA was principally of interest to would-be agency fee payers. Agency fee payers were those individuals who instead of paying dues resigned from the union and paid an agency fee instead, which is essentially dues less the proportional amount the union spends on politics. Generally, this would allow an agency fee payer to pay around 20 to 25 percent less than those paying full dues. So, with a typical assessment of \$1,000 in dues to the local union, the MEA and the National

Education Association, a fee payer would pay around \$750 to \$800. Given the union harassment often directed at those who chose to become fee payers, many did not consider the savings worth the hassle.

PATRICK WRIGHT

In 2000, one agency fee payer legally challenged the requirement that he resign in August. He lost his case in front of an administrative law judge and won on appeal at the Michigan Employment Relations Commission. The MEA filed an appeal and the teacher did not file a brief since there was only around \$40 at stake and he had resigned the following August. The Court of Appeals sent the case back to MERC, which having had a membership change to those more sympathetic to unions upheld the August window largely on the basis that Michigan's Public Employment Relations Act lacked the "right to refrain" language from the National Labor Relations Act, which allowed private-sector employees to resign at any time.

In 2012, two major laws were changed. The first prevented school districts from taking money out of school employees' checks for the unions' benefits: the government would no longer be the unions' bagman. The second was right-to-work.

The MEA and its locals were very active in seeking to get school employees to sign up for "e-dues," whereby the employee would give the union access to a bank account or credit card and the union would make monthly withdrawals. Multiple email reminders were sent out. While this was going on, the union made no mention of how an employee could exercise right-to-work or how it interacted with the school district's inability to take out dues. More

importantly, the union and its locals went silent on the MEA bylaws and the August window. The end result was that many school employees thought that by not signing up for e-dues that they were resigning from the MEA.

When the MEA revealed its 2013 September surprise, the Mackinac Center Legal Foundation sprang into action, filing unfair labor practice complaints on behalf of eight public school employees. The MEA chose to fight the resignation of four teachers from Saginaw: Kathy Eady-Miskiewicz, Matt Knapp, Jason LaPorte and Susan Romska.

Based largely on the inclusion of the right-to-refrain language in Michigan's right-to-work law, on Sept. 2, 2014, Administrative Law Judge Julia Stern held that the MEA's August window was illegal. She recommended that MEA cease enforcing it and amend its bylaws to reflect her ruling. Further, if her recommendation is accepted by MERC, the MEA would have to publish a notice in its "MEA Voice" magazine that it violated the law and will no longer enforce its so-called August window.

It is not until MERC accepts this order that it can be enforced and that may not occur for a few months (and will almost certainly lead to an appeal), so those teachers the MEA has already sent to collections are still in limbo. But if this ruling is upheld, it would guide not just the conduct of the MEA but all of Michigan's government unions, thereby allowing all state and local government workers to resign from their unions at any time. ■

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



From left to right: Kathy Eady-Miskiewicz, Jason LaPorte, Matt Knapp and Susan Romska



INTERVIEW WITH A SUPPORTER

This issue: Mike Rowley



Left: 1947 Rowley warehouse
Right: Arthur Rowley on the phone

The Mackinac Center for Public Policy is funded solely by freedom loving individuals and organizations that find value in its conviction of free-market principles. For this issue of IMPACT, we hear from Mike Rowley.

Mackinac Center: Tell us about your family.

Mike Rowley: My great-grandfather and his new bride came to the United States for opportunity to work and a desire to purchase a home in the United States. They came for opportunity, not for any entitlements. He was a coal miner in England, but decided to relocate. It's a shame that many in our country now believe in entitlement rather than opportunity. Our social safety net should be a trampoline instead of a hammock.

Workers were being hired in Ohio for coal mining, so that's where my great grandfather relocated. But eventually, that went soft. Jobs came to the Great Lakes Bay region, so he moved his family with five children to Bay City. This was the early 1900s, and he hopped a train to get to work.

My grandfather Arthur was the youngest of those five kids who moved to Michigan. He decided that coal mining was not for him. Automobiles were the future. He took out a loan and began patching inner tubes in his parents' basement at 20 years old in 1921. He worked until he was 99 years old. He maintained inventory the same old-fashioned way that he has always done it. We didn't have the heart to tell him we were computerized. He passed away at 100 years old in 2001.

He believed in keeping your brain moving.

My father, Paul, is 87 years old. He works every day keeping his brain engaged.

A solid work ethic was passed down from generation to generation. I learned it from my grandfather and father. We were expected to use our time productively. I was told that if you can think it and dream it, you can do it. It's not whether it can be done, but how!

MCPP: What do you think is the best advice you have been given and try to practice?

Rowley: From an early age, I learned from my

dad that failure is a necessary ingredient to succeeding. We're 100 percent aware that if you don't try anything new that you will fail. Trying new things will allow you to change and adapt with the times. My grandfather Arthur did not go into coal mining because he knew it was on the way down. Auto was on the way up. After-market auto sales were trending. He sold lubricants, tires and filters.

MCPP: How do you believe government has helped or hurt people recently?

Rowley: Unfortunately, we're seeing government trying to do something good, but the unintended consequences make things worse. The Patient Protection and Affordable Care Act has made insurance less affordable. The government is trying to make insurance an entitlement market rather than a free market.

It's impacted our business. We have a wholesale business and a retail business. Because of federal rules, we had to choose between lowering our benefits in one company or have serious financial repercussions. The government said we could not pay 100 percent in one and not another. Or we could lower our investment so the rule does not apply to us. We're slowly seeing the death of common sense. The more bloated the rules get, the less our policymakers can use common sense. We're not allowed to apply common sense to comply with policy.

Prior to ACA, we paid 100 percent of employees' medical insurance. Now it's less affordable.

As a country, we need to be able to afford what we are buying. I wish we had the wisdom of my grandfather who started out patching tires in his parents' basement, then made enough money to purchase two gas stations, then started distributing tires. That

led to a tire and auto service center. Now there are two locations, one in Bay City and one in Lapeer.

MCPP: What got you introduced to the Mackinac Center?

Rowley: Both my father and I got introduced by articles that were well thought out. We learned a lot through printed materials from the Mackinac Center. It has a depth and breadth of knowledge.

MCPP: What else do you do?

Rowley: I just completed eight years on the K12 school board, and I'm also a Delta College trustee.

My family believes in volunteering in the community. My mother worked on the Bay City Riverwalk and founded the Bay Music Foundation. She was also involved in the Bay Arts Council, Bay Area Community Foundation and Infinity Skate Park.

MCPP: Why have you stayed in Michigan?

Rowley: Our customers are in Michigan, and our wholesale business is growing. Right now, we have locations in Bay City, Southgate and Medina, Ohio, outside Cleveland.

MCPP: What policies would you change if you could?

Rowley: Continue to get government out of the business of picking winners and losers and leave it up to the free market. We should not be funding film credits. We should not sacrifice long-term policy for short-term gains. Michigan is wasting its time on incentives that do not create good long-term public policy.

We should avoid policies that try to distinguish between small and large businesses. That creates a bad environment for one or the other. When you treat things differently, you hurt one. ■

MEA DOUBLE-TALKS

BY F. VINCENT VERNUCCIO

After an overwhelmingly successful informational campaign where the Mackinac Center's August Opt Out Project told Michigan Education Association members statewide about their rights and the limits their union tried to put on right-to-work, the MEA continues its attempt to provide inaccurate information to its members and to the public.

Regardless of how many teachers and other school personnel exercised their rights during the MEA's arbitrary (and now ruled illegal) "August Window," the goal of the project was to make sure that every member knew about when and how to exercise those rights.

It was their choice whether to stay in the MEA or leave. Throughout the summer we heard from people who were happy with the union and others who were very grateful for the information.

Here are just some of the comments we received from teachers:

"Ok, thanks for the information!"

"Your August Opt Out is the talk of our district. Thanks for making the opting out a streamlined process."

"I mailed it out yesterday! Thanks for your guidance in this matter."

A local union secretary told us she was opting out after working 15 years without ever hearing about the "August window" from the MEA.

Some recently elected local union presidents called us with questions about how to help members who asked questions about opting out because they didn't have the answers.

In all of these cases, we provided objective information and the member made the personal decision whether to stay or leave the MEA.

Teachers wanting to opt out had an uphill climb. The MEA sent around a document to those interested in opting out called a "Nonmember Informed Consent Form." It told the member to initial the document 25 times, and even after doing all of that, the member had not effectively opted out using that form.

We saw one union local that made false claims, telling members they would lose sick

leave benefits if they opted out.

However, contradicting statements from the MEA regarding the "August window" had started well before the summer of 2014.

During the Oct. 4, 2013, airing of WKAR's "Off the Record" television program, Michigan Education Association President Steve Cook said his worst fear was that thousands of people would have opted out of the teachers union.

In October 2013, the MEA reported 1,500 people had "appropriately" resigned their membership that August. Cook told the "Off the Record" panel, "Ninety-nine percent of the members who could have either become freeloaders or fee-payers chose to stay with the Michigan Education Association. We lost 1 percent."

That statement contained several inaccuracies. Ninety-nine percent did not choose to stay with the MEA. The MEA's own executive director said under oath that roughly 8,000 members were not paying dues in 2013. That's 7 percent of active members who were not paying.

In 2013, the Mackinac Center's director of education policy, Audrey Spalding, estimated roughly 15,000 MEA members were eligible to leave the union under right-to-work because their contracts

expired after March 28, 2013. During August all MEA members can choose to opt-out of the union, however in school districts without right-to-work they can only become agency fee payers and must still pay a vast majority of their dues. Because of the difficulty in becoming an agency fee payer and the lack of any substantial savings, very few union workers choose to go this route.

The reported number of 1,500 leaving the union in 2013 was 10 percent of the eligible members, not 1 percent. (The number of agency fee payers dropped from 606 in 2012 to 582 in 2013 according to documents the MEA submitted to the U.S. Department of Labor. Still, some of the 1,500 could be attributed to members in non-right-to-work districts becoming agency fee payers but that number is likely very low).

To equal 1 percent, the total number of eligible members would have had to be 150,000, which it was not. There aren't even 150,000 active MEA members. Including retirees, the 2013 number of MEA members was 147,659 according to the MEA's LM-2 filing. It showed 33,259 retirees, which should not be calculated in the total pool regarding right-to-work employees or agency fee payers.



The initial postcard sent out. The text reads, "Remember, August is the only month that the MEA says you can opt-out of membership. To find out more go to AugustOptOut.org."

Removing retirees from the number of total MEA members leaves 114,400. So the first problem is that the MEA started with a faulty denominator.

That brings us to this year. On MEA.org, the numbers reported are quite different too, but not entirely accurate. The article says that less than 5,000 left the union, which it says is less than 5 percent of 110,000 active members. At least the MEA now says the proper denominator is 110,000, not 150,000. That's thanks to the Mackinac Center pointing out the false numbers originally reported in 2013.

Most reporters now use the smaller number too, making the story more accurate. But 5 percent is not the true number. The Mackinac Center estimates 60,000 MEA members were eligible to exercise right-to-work in 2014. The MEA says roughly 5,000 did. That means more than 8 percent of MEA members in right-to-work districts opted out in 2014, not including the 10 percent who opted out in 2013. (With perhaps a small amount of agency fee payers added in.) Adding the eligible members and those who opted out for 2013 and 2014, the better number may be 10.5 percent of those eligible opted out in the last two years.

What was the difference?

Brave teachers stood up to the state's largest public employee union and made decisions for themselves. Many faced bullying from the MEA and their co-workers. The MEA sent many to a collections agency, posted their names publicly, called them "freeloaders" and called them out during meetings.

The Mackinac Center Legal Foundation began this informational effort when it filed unfair labor practice complaints with the Michigan Employee Relations Commission. In 2013, several teachers contacted the Mackinac Center for legal representation regarding the "August window" that they had never heard of prior to being threatened by the MEA for money.

William "Ray" Arthur, a hall-of-fame wrestling coach in Petoskey, said he had never heard of the "August window" in

all of his 34 years of paying union dues. Miriam Chanski, a kindergarten teacher in Coopersville, said she tried to opt out in the summer of 2013 and that the MEA kept information from her and told her she owed money because her actions were not in August.

After several stories in Michigan Capitol Confidential and coverage in state and national media outlets, the MEA eventually allowed Chanski and Arthur out of the union. However, it refused to let the other teachers out.

This prompted our informational effort to educate MEA members of their rights. The Mackinac Center sent a postcard to teachers at the beginning of June. We followed up with another one in late August.



The second postcard sent out. The text reads, "The Michigan Education Association says members may opt-out only in the month of August. Now is the time to make your decision."

MEA officials called the postcards "Madison avenue style." We took that as a compliment because they were produced by the Mackinac Center design staff.

Peter Boyd, a science teacher at Martin Public Schools, authored an email that went to teachers prior to the end of the 2013-2014 school year.

Rob Wiersema, an economics teacher at Hopkins Public Schools who opted out in 2013, authored an email that went out to his fellow teachers in August.

The MEA produced three videos over the summer featuring its top three officers: its president, vice president and secretary/treasurer. In an August video, the MEA's secretary/treasurer went on a nearly

three-minute diatribe against the Mackinac Center. The other two videos explicitly cited the Mackinac Center. One video mentioned the Mackinac Center by name 14 times.

Cook said, "And then there's the Mackinac Center. They will help you in every way possible to leave MEA."

MEA leaders said they had no interest in making the "August window" opt out period known to its members, so the Mackinac Center took on the challenge of informing members of their rights.

The Mackinac Center established the website AugustOptOut.org, which contained basic information of the options available to workers who want to stay with their union, become an agency fee payer or exercise their right-to-work freedom.

Other organizations like Americans for Prosperity-Michigan, National Right To Work Legal Defense Foundation, Michigan Freedom Fund and Great Lakes Education Project also created awareness of the "August window."

The Mackinac Center's August Opt Out effort gained more than 300 media citations in hundreds of outlets across the country.

Only the MEA knows how many of its members simply aren't paying. At first, MEA leadership said those employees were just mistaken and believed that they were still paying dues. However, in an MLive article authored

by Tim Skubick, MEA President Steve Cook told a group of retired teachers that the union sent a collections agency after those who "don't intend to pay."

Which brings us to now. Steve Cook's "worst fear" happened in August 2014. By its own numbers, roughly 5,000 people dropped out of the union in August. That number means from 2013 to 2014 the number of those leaving the union more than tripled.

And with an administrative law judge saying the "August window" is illegal, more may be able to exercise their rights at any time, rather than during a narrow window established by the union. ■

F. Vincent Vernuccio is director of labor policy at the Mackinac Center.

WANT TO READ MORE?

Visit MIWorkerFreedom.org to learn about everything the Mackinac Center has been doing in regards to right-to-work.



Center attends national gathering of public policy leaders



In September, several Mackinac Center staff members attended the 22nd annual meeting of the State Policy Network in Denver. SPN is a network of more than 60 think tanks that promote free-market policies at the state level. Once a year, SPN hosts a conference to provide leadership training and mentoring of individuals in the public policy arena.

relationships and building a strong team; Vice President for Legal Affairs Patrick Wright and Director of Labor Policy Vinnie Vernuccio also briefed think tank leaders on the Center's work in securing public-sector labor reforms.



The Mackinac Center joined 900 attendees in Denver to share policy recommendations, marketing techniques and operational best practices. Several Center staff members contributed presentations: Center President Joseph G. Lehman moderated a panel discussion on collective bargaining reform; Executive Vice President Michael Reitz spoke about legislative

The Center's work was recognized throughout the conference; our display booth promoting VoteSpotter received second place in the Audience Engagement Awards, which recognize promotional materials that communicate sound policy ideas in a creative fashion. Additionally, Vinnie Vernuccio participated as a finalist in Think Freely Media's Great Communicators Tournament, a contest intended to promote individuals who articulate persuasive ideas in defense of the free market and founding principles. ■



Our display booth promoting VoteSpotter received second place in the Audience Engagement Awards.



Prop 1: Making the confusing more clear

by James Hohman

In late July I found myself under fire from the Brighton Area Tea Party. They had requested a speaker to address concerns about Proposal 1, a question on the Aug. 5 primary ballot to eliminate the state's personal property tax. I had written a study analyzing its impacts and the proposal was remarkably positive. Yet the group's members expressed doubt that this would result in a tax cut and asked pointed questions about the proposal's mechanics.

Their skepticism was well-earned. This was a complex proposal on a relatively arcane tax, which gets levied on the value of business equipment. Unless you are a business owner or manager the proposal would not directly impact you.

And it was strange. There has not been a general ballot question on a primary ballot in recent history and people thought that such an odd tax question would naturally amount to a subtle tax increase. One of the general beliefs about tax increases is that government managers want them when turnout is lower, like in a primary election.

On top of that, it shuffled around the Use tax – a complement to the Sales tax – between the state and local governments, and it was possible that this could set the state up for future tax increases.

But in researching the subject, we found that the proposal provided three new and broad exemptions to the state's personal property tax and replaced that revenue without digging deeper into taxpayer pockets. While complex, it was clean of the special favoritism that has riddled the state's tax code in the past. And by replacing lost revenue for municipalities and schools with a chunk of state taxes, it kept the local governments that received much of the personal property tax revenue from fighting the system.

We had an interesting role in informing the public about how the

proposal worked. There were ads supporting it but they only focused on the positive aspects without explaining the mechanics.

This required traveling to groups that were interested in hearing about it, including the tea party group in Brighton. The Plymouth-based Rattle With Us coalition and the Emmet County Republican Women seemed happy just to have someone explain what was in the bills. (I was pleased that my grandparents were able to attend the latter presentation.)

I did radio interviews in Lansing, Battle Creek and northern Michigan, and even made my first appearance on 103 Country with Steve Coston.

The Associated Press included some of my findings in its pre-election report on the proposal, which ran in several newspapers statewide.

I was away at a conference on Election Day. My father texted me the preliminary results that night and colleagues shared the 69-31 passage the following day. ■

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

Policy Expert Helps National Groups Bring Free Market Thinking to the City

Progressives gathered in Detroit this summer at the Netroots Nation annual conference. The city's bankruptcy was a recurring topic and participants shelled blame onto the state and big banks. But a group of free-market think tanks also gathered to set the record straight.

The counter-conference was organized by State Budget Solutions and the Manhattan Institute. State Budget Solutions is a national group that focuses on fiscal policy issues facing state and local governments.

The Manhattan Institute has been a national leader on providing solutions for municipal government problems.

It was not the only time that the Manhattan Institute has been involved in Detroit. The group provided advice and consultation to the Detroit Police Department to assist in reducing crime. It helped launch a program in the Grandmont and Rosedale neighborhoods that helped decrease home invasions by 26 percent.

Together, they hosted events showing the positive things occurring in Detroit. A first panel moderated by Detroit News Editorial Page Editor Nolan Finley covered the improvements to the city's policing, better coordination on the city council, and the increased investment.

Finley began by stating that previous efforts to revitalize Detroit fell short. What's different this time, he stated, was that this effort is market-driven instead of being centrally planned.

"The people driving this investment believe there is going to be a real payoff," he stated.

Detroit Police Chief James Craig mentioned that robberies are down roughly 40 percent from last year.

A second panel talked about the lessons struggling municipalities around the country can learn from Detroit. The Mackinac Center's James Hohman talked about how states need to monitor their local governments and guide units approaching insolvency away.

Steve Eide from the Manhattan Institute worried that Detroit's bankruptcy may encourage other cities to enter bankruptcy because of its size and expected success. Andrew Moylan of the R Street Institute said that in Detroit and other cities the human capital can transform its economy. The Illinois Policy Institute's Ted Dabrowski talked about how Detroit's private-sector revival ought to inspire Chicago.

Also helping to get the word out and getting journalists involved were the State Policy Network and the Franklin Center. These groups helped take journalists on a tour of some of their neighborhoods where private individuals and organizations are working together to address their needs. ■

This policy brief is available online at Mackinac.org/s2014-03





MAKING MICHIGAN RIGHT-TO-WORK: ENCOURAGING SCHOOL DISTRICTS TO FOLLOW THE LAW

Following the Law?

When Michigan's right-to-work law was passed in December 2012, many hoped the law would encourage union responsibility. Under the statute, local unions would no longer be able to take their members' dues for granted, and would instead have to prove their worth to members.

Unfortunately, instead of responding with a positive campaign to retain member teachers, school district unions have worked in conjunction with the Michigan Education Association to avoid and circumvent the law. Many times, teachers suffer as a result.

For example, Wyoming teachers lost as much as \$12,700 in salary and concessions when their local union chose to preserve union dues instead of trying to avoid teacher pay cuts. In 2013, the Kent County Education Association asked the Wyoming school district to keep language in the collective bargaining agreement stating that teachers must pay union dues as a condition of employment. The KCEA prioritized keeping this language above all else.

Wyoming is one of the many school districts with a teacher collective bargaining agreement that raises legal or policy questions under Michigan's right-to-work law. These districts were identified in the Mackinac Center's latest policy study, "Making Michigan Right-to-Work: Implementation Problems in Public Schools," available at: (www.mackinac.org/20448). This research is part of the Center's continued effort to review school district responses to state collective bargaining reform laws.

"Making Michigan Right-to-Work" shows how school districts responded to Public Act 349, the right-to-work law for public employees. The Mackinac Center reviewed more than 500 teacher collective bargaining agreements to determine whether districts complied with or avoided PA 349. This research, conducted in the summer of 2014, provides the first-ever look at how districts and unions chose to follow — or not — the law.

Wyoming is one of the districts identified in this research: Though Wyoming's contract says otherwise, teachers are actually free to leave the union. Wyoming's contract took

effect after right-to-work became law, making the mandatory dues provision unenforceable. In fact, district officials have refused requests from the KCEA to fire school employees for failing to pay union dues.

**AUDREY
SPALDING**

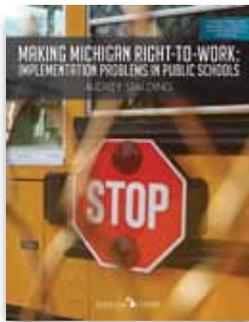
Incredibly, the KCEA agreed to large salary reductions simply for the appearance that teachers still have to pay union dues.

The Center's study found legal and policy issues with 25 percent of teacher collective bargaining agreements that took effect after March 28, 2013. These 57 districts employ more than 10,000 teachers, who may have the ability to leave their union, despite contrary language in their district collective bargaining agreement.

Legal and policy issues identified in the "Making Michigan Right-to-Work" study include:

- **Illegal language:** Twenty-three districts approved contracts after March 28, 2013, that contain mandatory dues language.
- **Separate agency fee agreements:** Eight districts created separate "agency fee agreements" that are typically longer in duration than the collective bargaining agreements and require teachers to continue to pay dues. The Mackinac Center Legal Foundation is currently representing school employees in two of these districts who say their district's agency fee agreement is illegal.
- **Delayed effective dates:** Fifteen districts approved contracts prior to March 28, 2013, but which took effect months later. Wyoming is one of these districts.
- **Split effective dates:** Five districts approved collective bargaining agreements with an earlier effective date for the portion of the agreement that requires teachers to financially support the union, and a later effective date for the remainder of the contract.
- **Modified contracts:** At least six districts have modified their collective bargaining agreements after March 28, 2013, without removing mandatory dues language.

The largest number of districts identified are those that have illegal language in their collective bargaining



Read Audrey's study online at Mackinac.org/s2014-04

agreements. These districts kept language stating that teachers must pay union dues as a condition of employment, even though the district agreed to the contract after PA 349 took effect. Oftentimes, district school boards approved these illegal contracts unanimously.

As the result of Center research, some district officials have begun work to remove illegal language and to inform teachers that they are, in fact, able to choose whether to financially support the union.

One of the larger districts with illegal contract language is Monroe. Monroe teachers looking at their contract will see a line stating that their "services...shall be discontinued at the end of the current school year," if they fail to pay union dues. Yet, the district agreed to its collective bargaining agreement in March 2014, a full year after the right-to-work law took effect.

When contacted by the Center, Monroe Assistant Superintendent Ryan McLeod

said the contract language stating that teachers must financially support the Monroe City Education Association "absolutely should be taken out."

Northport Superintendent Chris Parker agreed that the mandatory dues language the Center identified in his district's contract was illegal. He told the Center he would be asking the Northport Education Association to send out a letter to teachers explaining that they are free to leave the union.

Chassell Township Superintendent Christopher Davidson told the Center that he would be contacting the Chassell Township teachers union president and Chassell school board president in order to remove the language from the district's collective bargaining agreement.

So far, approximately one-quarter of Michigan school districts may not be following PA 349 as it was intended. As a result, district officials are helping create the opportunity for teachers to be misled. For the thousands of Michigan teachers in these districts, there is a real need

for guidance or additional penalties for districts that fail to abide by PA 349.

The Mackinac Center is continuing to monitor whether districts are complying with collective bargaining reform laws. "Making Michigan Right-to-Work" is our latest effort. Earlier this spring, we released research reviewing district compliance with a state law prohibiting collective bargaining over teacher placement and hiring practices. That study motivated state legislators to require that districts follow those laws in order to access additional state funding.

We hope that school district officials throughout the state will follow the example of the Monroe, Northport and Chassell Township school districts and make sure their union contracts reflect the fact that Michigan is a right-to-work state. Otherwise, additional penalties for failing to follow the law may be needed. ■

Audrey Spalding is director of education policy at the Mackinac Center.

CapCon Puts Pensions in Perspective

A series of articles in Capitol Confidential documents the good, the bad and the ugly from county and municipal pension systems around Michigan.

Of the cities with the worst funded ratio, some have taken decisive action. The cities of Walker, in West Michigan, and Plymouth, in Wayne County,

have shifted new employees to 401k-type accounts. These defined contribution accounts put a floor on the underfunding and a cap on politicians racking up future liabilities.

In the state legislature, a bill has been introduced that empowers citizens and elected officials to reform local retirement systems.

House Bill 4804 helps level the playing field between taxpayers and public sector unions, who have an oversized influence on local politics.

The city of Detroit should serve as the canary in the coal mine for citizens and workers around the state; unsustainable pension systems are a problem that needs to

be taken care of now. The evidence is overwhelmingly clear: Politicians in every corner of the state simply cannot be trusted to properly fund defined benefit pension systems. Retirement money should be placed in the hands of workers through defined contribution accounts. ■

Michigan Cities Least Funded Pension Systems

Does not include other post-employment benefits.

Municipality	Total Assets	Total Liabilities	Total Underfunded	Funded Ratio
Lincoln Park	\$32,479,000	\$101,594,000	\$69,115,000	32%
Burton	\$17,400,309	\$44,453,013	\$27,052,704	39%
Romulus	\$20,815,343	\$46,256,844	\$25,441,501	45%
Plymouth	\$8,124,530	\$16,417,233	\$8,292,703	49%
Bloomfield Hills	\$15,434,544	\$30,466,201	\$15,031,657	51%
Norton Shores	\$19,986,019	\$37,117,385	\$17,131,366	54%
Hamtramck	\$53,904,645	\$99,412,617	\$45,507,972	54%
Genesee Township	\$8,376,269	\$15,308,362	\$6,932,093	55%
Jackson	\$67,619,000	\$122,239,000	\$54,620,000	55%
Walker	\$10,871,054	\$19,133,342	\$8,262,288	57%

For more on fixing Michigan's pension system, go to MichiganCapitolConfidential.com/20514

Source: Comprehensive annual financial reports





Mackinac Center President Addresses Midland Chamber

Mackinac Center President Joseph G. Lehman was invited to speak at a recent luncheon for the Midland Area Chamber of Commerce. He spoke to a capacity crowd at the Holiday Inn in Midland about the Overton Window.

The Overton Window is a model for policy change, helping to explain how ideas can go from absurd to accepted. The window encompasses a range of policy positions and shows the limits placed on politicians.

If you ask most people how laws and policies change, they will usually tell you it's because of politicians. But that is only the end result.

A law first started out as an idea. For every policy area, there is a range of possibilities. Politicians can generally only support policy options from those within a range of political possibilities – at least if they want to be re-elected.

In the presentation, Lehman used education policy as an example. For this policy area, there are many options ranging from big government to small. On one end of the spectrum is compulsory attendance in only government schools while at the other end is no government schools at

all. In the middle are things like options for charter schools, homeschooling, private schools, tax credit scholarships and vouchers.

Previously, Michigan operated mostly at the least free end of the spectrum – virtually every student was forced to go only to their local government school or paid extra for a private school. But slowly, the window has shifted. Homeschooling became legal and then less regulated. Public school choice through the state

“schools of choice” program came to be. Charter schools were then introduced.

Of course, many policy areas go in a different direction (think health care becoming more and more centralized).

The purpose of think tanks is to move the policy window – making some things which were formerly off the table an option. For the Mackinac Center, that involves educating and empowering individuals in order to influence the policy options in Michigan. ■



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Mackinac Center Events Update

Two recent Mackinac Center events focused on economic policy in the United States.

National Review writer Kevin Williamson talked about many of the poor policy decisions happening across America, but expressed hope for the future.

Economist Dean Stansel discussed the state of economic freedom in America, past and present.

Williamson spoke at the Lansing Country Club for a Mackinac Center Legacy Society event – supporters who are interested in helping ensure lasting liberty by putting the Center into their estate plans.

Williamson is the author of the book, "The End is Near and it's Going to be Awesome." His lecture went through many of the litany of problems in the United States currently but ended on an optimistic note.

Williamson noted that there are a combined \$100 trillion

worth of liabilities for the U.S. government and all the state and local governments. That is the combined worth of everything in the world outside of property.

He sees that amount of liabilities as almost impossible to pay off. But Williamson notes that since the Industrial Revolution, essentially the birth of modern capitalism, the world has been getting progressively better.

He believes people will continue to find ways around government restrictions, making the world better as the cost of important goods continues to come down.

Williamson said the government can do a lot of damage, but individuals and entrepreneurs will continue to drive wealth in the world.

Stansel is a professor of economics at Florida Gulf Coast University. He is the author of an annual policy report that ranks countries around the world on economic freedom for the Fraser Institute.



National Review writer Kevin Williamson

"Economic freedom is the freedom of individuals to use their time and resources as they wish as long as they aren't harming anyone else," Stansel said.

There are five major components: The size of government; its legal structure and protection of property rights; sound money; freedom to trade internationally; and the amount of regulation (government restrictions and rules).

In 2000, the United States was ranked 2nd in the world on the economic freedom rankings behind only Hong Kong; today we have dropped to 17th.

Among the 50 states, Michigan is ranked 41st – up from 46th a few years ago but down from a peak of 30th in 2002.

Why has economic freedom declined? Stansel notes that federal spending has doubled since 2000 and tripled since 1990, while personal income

has trailed behind. Most spending goes to "entitlement spending," money appropriated by the federal government that is on autopilot. That is, it is automatically spent each year without being voted on.

Stansel notes that economic freedom rankings are strongly correlated with positive results around the world. The countries with the highest amount of economic freedom are richer, healthier, safer and happier while those with the least amount of freedom are the converse.

Stansel concluded by saying the United States and Michigan should reverse course and embrace policies that limit government taxing, spending and control.

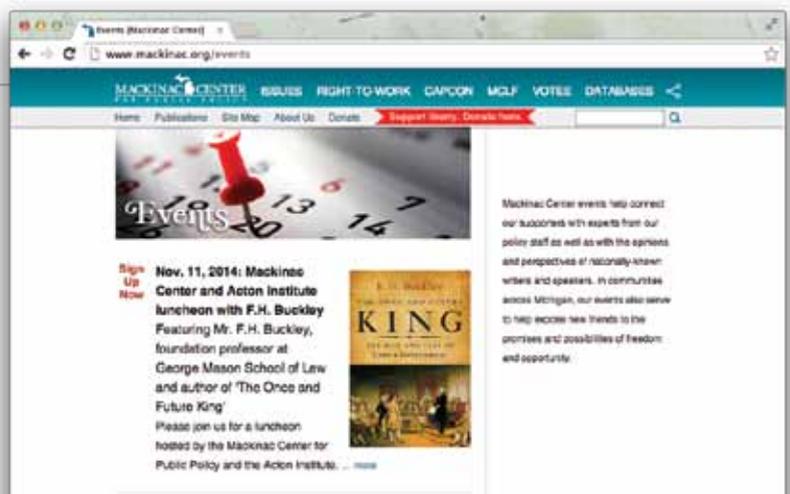
Information and data on economic freedom rankings is at www.FreetheWorld.com. ■



Economist Dean Stansel

MISSED A MACKINAC CENTER EVENT?

Don't worry! Video is available for most of our past events. Visit Mackinac.org/Events to catch up.





Navigating through the Noise

Carol Snyder was one of the friendliest, gracious and generous people I have ever known. I knew her for only two years, but she made an impression on my life that will never go away.

"Mrs. Snyder" (as I called her when I met her while attending college) provided work opportunities for my older brother and me while we were paying our way through school. We did mostly lawn work and other side jobs for her.

Anyone who knew Carol knew she loved to keep the conversation going. When there was a break in verbal exchange, she would fill it with a hum until she thought of something else to say. Silence was the enemy, and Carol knew how to defeat it.

She said her extended family was just like her. When the family gathered for Thanksgiving dinner, individual members displayed their lingual prowess in order to get a word in edgewise. Those not up to the challenge were left in the dead air dust.

She never had to raise her voice, and I never heard her do so. Her placid and lucid expression of word delivery commanded attention without having to raise the volume.

Effective communication of ideas involves both art and science. Some are better at it than others. However, in our culture of instant messages, on-the-spot 24-hour news and split-second sharing of information, attention spans seem shorter than ever. That makes it more difficult to discern a good idea from a bad idea being communicated.

Rather than coming up with a better idea, some communicators simply raise the volume in order to be noticed. They think they are winning people to their side.

Think back to your days at recess. We often played touch football because that was the game the loudest kids wanted to play. And when a disputable call was made, the loudest kids seemed to always get their way.

Political campaigns often use negative messages that most people say they disdain. However, political scientists say the strategy is effective. Somewhere in that equation are people who say they don't like a message, yet are swayed by that same message.

That's not to say that we should limit speech. Far from it. The best solution is more freedom. Those who oppose negative and/or loud messages should be free to criticize and counter those arguments. And everyone should be free to decide for themselves what is best.

A good idea is a good idea at any volume, not because of the volume, but because of the soundness of the solution.

However, if one believes they have a good idea, why would they feel the need to present it in a harsh way? Do they feel they'll be drowned out by the other messages out there? Or do they feel it's the only way to be heard?

Mrs. Snyder knew how to get her point across with meekness and tact. She left quite a legacy that we all can follow. ■

BY THE NUMBERS

5,000: Roughly the number of Michigan Education Association members the MEA says opted out in August

\$5,000,000: Roughly the collective amount of money those former MEA members will keep by opting out

\$40,000,000: Tax money used for Grand Rapids bus "rapid" transit system that takes twice as long as a car

25%: The percentage increase in United Auto Worker membership dues

\$45,000,000: The amount of extra annual revenue from the UAW dues hike

You are cordially invited to the...

MACKINAC CENTER & ACTON INSTITUTE
LUNCHEON
featuring F.H. Buckley

The Mackinac Center for Public Policy and the Acton Institute are pleased to welcome Mr. F.H. Buckley, foundation professor at George Mason School of Law and author of "The Once and Future King." Mr. Buckley will talk about his book, which discusses the dangerous rise of an all-powerful president.

WHEN	Tuesday, Nov. 11, 2014 11:30 a.m. - Check-in and lunch available Noon to 1:00 p.m. - Program with Q&A
WHERE	Acton Institute 98 East Fulton Street Grand Rapids, MI 49503

Please register by Friday, Nov. 7 at noon by calling **989-698-1905**
or emailing events@mackinac.org

