MICHIGAN
CAPITOL CONFIDENTIAL
Daily Online Coverage at MichCapCon.com
A review of the votes and proposals of the Michigan Legislature — Vol. 4 No. 4 — Fall 2010
DON'T TREAD ON ME

THE ART OF THE ANN ARBOR CITY BUDGET

BY TOM GANTERT

The debate in Ann Arbor, where firefighters are being laid off due to a multimillion dollar budget deficit, is over an $850,000 piece of art.

That's how much the city has agreed to pay German artist Herbert Dreiseitl for a three-piece water sculpture that would go in front of the new police and courts building right by the City Hall.

The city has the money to do it because in 2007 it agreed to set aside for public art 1 percent of money that went into capital improvement projects that were $100,000 or larger. Most capital projects involve streets, sewers and water.

See "City Budget," Page 8

After a budget crunch forced layoffs and service cuts, the city of Ann Arbor spent $850,000 on a piece of public art at the Ann Arbor City Hall.

INSIDE THE ISSUE

AUDITOR GENERAL SEES DEAD PEOPLE... GETTING PAID

BY TOM GANTERT

There were Medicaid payments of perhaps up to $2 million paid to dead people or for people who had died before they received the medical service in question.

That was one of the more glaring findings in a recently released state audit of the Michigan Department of Community Health. It states that as much as $4.4 billion over the past two years was not properly accounted for.

"It seems like a system that invites dishonest people to really take advantage of at the cost to the taxpayers," said State Rep. Tom McMillin, R-Rochester Hills. "This is why people are so skeptical of more taxes. Everyone knows this stuff exists — lax controls. The people who allowed this to happen have been getting raises and getting Cadillac benefits. They are going to cry they don't have enough resources. The money is there to stop $4 billion of fraud. A lot of it is just internal controls."

The audit found "significant deficiencies in internal control over financial reporting."

Much of the report pointed out that the Department of Community Health was not following federal law that requires reviews of financial records.

For example, federal law requires that there must be a review

See "Auditor General," Page 8

COMMENTARY

State Taxpayers Eat $350K Loan for East Lansing Property Purchase

BY TOM GANTERT

The way Phil Bellfy sees it, it may not be illegal, but that doesn't make it right.

Bellfy is a Michigan State University professor and vocal critic of an East Lansing Downtown Development Authority deal he says doesn't smell right.

Here's what happened according to City of East Lansing officials.

The East Lansing Downtown Development Authority bought a building for $700,000 from a man about six years ago when the owner's father served on the DDA. The DDA paid for the building via

See "Loan," Page 8

Capitol Confidential
Mackinac Center for Public Policy
140 West Main Street
P.O. Box 568
Midland, Michigan 48640

NONPROFIT ORG.
U.S. POSTAGE
PAID
Fenton, MI
Permit # 1776

Are you new to Michigan Capitol Confidential?

Many of you have already e-mailed, written or phoned us to say that you'd like to remain on the mailing list for Michigan Capitol Confidential. If you haven't contacted us yet, but would like to remain on our mailing list, please let us know!

If you are reading this newspaper for the first time, thank you for taking the time to look over this publication from the Mackinac Center for Public Policy. We selected you for this mailing because you have shown an interest in the public policy issues that we discuss. Inside, you will find a review and analysis of important state legislative policy issues that do not always receive attention from the general media. Every two months, we send this publication to make it easier for you to keep tabs on your elected representatives in Lansing.

Subscriptions are FREE, but to remain on our mailing list you must let us know by sending your name and home address. Enclosed is a postage-paid business reply envelope to make this easier — just fill in your name and address and send it in! Even easier still — just put the same information in an e-mail and send it to MiCapCon@Mackinac.org.

When you write to us, please feel free to include the names and addresses of family and friends who you think will enjoy Michigan Capitol Confidential as much as you do. Michigan Capitol Confidential's new home is now online at www.MichCapCon.com. You can find everything from the print edition there—and much more—updated with a fresh story every day.

Additionally, you can help us keep Michigan Capitol Confidential coming to households just like yours by joining the Mackinac Center for Public Policy. The Center is dedicated to providing a free-market perspective on public policy issues that impact the Michigan economy. We provide that perspective through timely policy studies, commentaries, interaction with media and policymakers, and events for targeted audiences throughout the state. Our issues are economic in focus, but as diverse as taxation; government budgeting; science, environment and technology policy; labor policy; privatization; property rights; and general economic education.

The Mackinac Center's mission is to educate Michigan residents on the value of entrepreneurship, family, community, private initiative and independence from government. We believe, as our country's Founders did, that liberty and sound policy can never be taken for granted. Their preservation requires vigilance during each generation from both us and citizens like you.

If you share this goal, we would welcome your generous contribution to the Mackinac Center in any amount. Even a $40 donation is a tremendous help. The Mackinac Center is a 501(c)(3) educational institute, and your donation is deductible on your federal income taxes.

Thank you for any help you may be able to give us — and don't forget to let us know if you want to continue your FREE subscription to Michigan Capitol Confidential!

MACKINAC CENTER FOR PUBLIC POLICY

Sincerely,

Kenneth M. Braun, *Senior Managing Editor,* Michigan Capitol Confidential

989-631-0900

MICHIGAN CAPITOL CONFIDENTIAL

MiCapCon@Mackinac.org

ad liberties

Government Transparency and a New Government in 2011

BY JOSEPH G. LEHMAN

Capitol Confidential is devoted to the idea of presenting public information to the public. And now the two men contending for the state's highest office have pledged to support opening the books on staff salaries that previous governors and lawmakers kept secret.

Michigan's Watergate-era public records law, called the Freedom of Information Act, is one of the better such laws among the 50 states. Among other things, it deems public information the individual wages and benefits of the vast majority of government employees (state, local, public school and higher education). The rationale is twofold: limit the potential for corrupt payment schemes, and recognize taxpayers' right to know whom they are paying and how much.

But our FOIA law carefully carves out what we might call secrecy privileges for lawmakers and governors themselves (the very parties who wrote and enacted the FOIA law). Their own wages are public information, but they are still allowed to keep secret the amounts they pay their hundreds of staff members in the legislature and governor's office.

Last summer, Capitol Confidential reported that Democrat Virg Bernero and Republican Rick Snyder both pledged, if elected governor, to support legislation that would end the secrecy privileges. Such a bill has been introduced by Rep. Pete Lund (R-Shelby Twp.) That's a very good thing, but FOIA needs even more of a revamp than that.

In the 1970s it seemed reasonable to require officials to provide certain public information only when asked by the public. It would have been too expensive to mail all public records to all citizens, or print them all in newspapers, for instance. When a citizen asked for information, he or she could inspect it in person or pay a reasonable amount for a paper copy.

But the Internet age has made that once unprecedented FOIA requirement — government must disclose when asked — seem old-fashioned and insufficient. Citizens are growing ever more comfortable with — and expecting — information available on the Internet.

Today's citizen is probably aware that most public records are now somehow electronic. They may wonder, "If public records are electronic, why can't they just be posted on the Internet?" After all, what is the government doing with all those computers if not creating electronic records of some kind? It's not as if they're still using typewriters.

It's true that electronic records can't always be posted effortlessly to the Internet in useful form, but that doesn't mean there's any excuse for what many public officials are known to do. Instead of providing public data in electronic form that can be easily organized, sorted and searched, they take extra steps to convert the data back to cumbersome paper form before handing it over to the public.

I won't argue they're not complying with the letter of the FOIA law. But I wonder if they believe they're complying with the spirit of it.

What's the big deal about government salaries, anyway? Ask former Detroit mayor and now convicted felon Kwame Kilpatrick. Contributing to his downfall and the prosecution of justice were public records laws that revealed his apparent tendency to favor friends and family, including his mistress, over other city employees. Along the way, he tried to hide millions of dollars in payments to former city employees.

When we at the Mackinac Center asked the governor's office to provide names and salaries of her tax-funded employees, we received a letter saying that placing such information online would provide "little value to the taxpayer."

That's why we're encouraged by growing interest in government transparency by the public and public officials. Not only do we have Bernero's and Snyder's pledges and Lund's bill, we have Democrat and Republican leaders in the state House and Senate who have released to us public salary information that was not required by FOIA. When we published government employee names and salaries, it illuminated at least one possible instance of a tax-funded employee engaging in impermissible political work.

We also have seen admirable strides in government transparency by select legislators, public schools and state officers in response to the Mackinac Center's "Show Michigan the Money" project. Reps. Tom McMillin (R-Rochester Hill) and Justin Amash (R-Kentwood) published their offices' salary data online before their legislative leaders gave us paper copies. Several dozen public school districts have put their checkbook registers online. And Secretary of State Terri Lynn Land and Attorney General Mike Cox published on their websites more spending data about their operations than their predecessors.

A new legislature and governor starting in 2011 give us a fresh chance to bring our public records law into the Internet age. There is more public demand, and official support, than ever before. But the key to success will be whether well-informed citizens, like readers of Capitol Confidential, hold their elected officials accountable. ■

Joseph G. Lehman is president of the Mackinac Center for Public Policy.

MICHIGAN CAPITOL CONFIDENTIAL

Meet the Authors

Ken Braun is the managing editor of Michigan Capitol Confidential. He may be reached at braun@mackinac.org.

Tom Gantert is the senior correspondent for Michigan Capitol Confidential. He may be reached at gantert@mackinac.org.

Michael Van Beek is the director of education policy at the Mackinac Center for Public Policy. He may be reached at vanbeek@mackinac.org.

Russ Harding is the director of the Property Rights Network at the Mackinac Center for Public Policy. He may be reached at harding@mackinac.org.

Auditor General Uncovers Numerous Troubles with Dept. of Community Health

BY TOM GANTERT

A 94-year-old nursing home resident was held in a "hammerlock" position so she could not move while a Medicaid provider forced her to give an impression for dentures. She had been without teeth for 50 years and didn't want them. When she left the exam room, her face, neck and dress were covered with impression plaster.

That anecdote is buried in the nearly 300-page report from the state of Michigan's Auditor General. The report, released in July, cited many problems it found in its biannual review of the Department of Community Health.

Scott Strong, a spokesman for the Auditor General, said the Department of Community Health had been warned during two previous years and didn't sanction that problematic provider, breaking state and federal laws by not doing so.

In fact, Strong said despite a "significant history" of health, safety, welfare and billing violations that go back as far as 1994, the provider was still allowed to be enrolled in Medicaid. Strong said this provider collected more than $2 million after the Department of Community Health was warned.

He also said that the Department of Community Health's Medical Services Administration violated the law by not sanctioning the provider. And because there are no sanctions, the provider could be back in business and re-enroll with Medicaid after it's done serving a one-year suspension in February.

The state wouldn't release the name of the troubled provider, citing privacy laws. The Department of Community Health would only state that though it is "technically possible" for that provider to re-enroll, the Medicaid program uses "numerous criteria" to determine eligibility.

State Rep. Dave Agema, R-Grandville, said that is just one more example of misconduct on the part of the Department of Community Health, and he wants administrators fired.

"When you see it two or three times, it is dereliction of duty," Agema said. "If this was a civilian job ... somebody's head would roll. But it is a government job. And then they say, 'We disagree with the Auditor General's findings.'"

Agema called for the next governor to "clean house" and for the Auditor General to have more authority.

The latest Auditor General report devoted three pages to the troubled provider and gave several examples of problems.

The audit found the provider to be a "threat to the beneficiaries' health, safety and welfare." Also, DCH analysts were unable to tell from records which beneficiaries received medical services. And the provider billed Medicaid and another source for the same service.

State law requires the DCH director to sanction providers that double-bill, but that never occurred.

The provider agreed to charges that it wrote prescriptions to employees for controlled substances without a controlled substance license.

Additional charges included billing for services not provided.

The Auditor General had singled out the provider two years earlier, but the DCH continued to allow the provider to participate in Medicaid and paid that provider $2.4 million from Oct. 1, 2007 through Sept. 30, 2009, according to Strong.

In the many layers of Medicaid bureaucracy at that state level, there was some punitive action taken against the provider.

In January 2005, the DCH's Bureau of Health Professions issued a cease and desist order that required the provider to stop having unqualified dental assistants take on radiography duties.

In January 2006, the provider was given one year's probation, community service and fines.

In February 2010, the Bureau of Health Professions suspended the provider's license for a year.

According to the audit, the DCH said that it reported the provider to the Attorney General's Medicaid Fraud Control Unit. DCH stated that it did not sanction the provider because the Medicaid Fraud Control Unit did not file criminal charges against the provider and the provider was appealing the state's findings. However, state law stated the provider had to be sanctioned by DCH.

Janet Olszewski, director of the Michigan Department of Community Health, submitted a letter to Michigan Capitol Confidential about the overall Auditor General report.

"The OAG identified some significant issues and MDCH is committed to fixing them," Olszewski wrote. "These problems are primarily related to documentation, recordkeeping, and the implementation of new automated systems. They are not fraud, waste, abuse, or mismanagement." ■

The original version of this story was posted online on Aug. 9, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13335.

Dept. of Community Health Refutes Report Showing Dead People Getting Paid

Editor's note: The following is a response from the Michigan Department of Community Health regarding a recently released audit from the Michigan Office of the Auditor General and the MichCapCon.com article reprinted on Page One.

Recently, the Office of the Auditor General (OAG) released a Single Audit report claiming the Michigan Department of Community Health (MDCH) and the Michigan Medicaid program potentially have $4.4 billion in questionable expenditures. Weeks later, critics accused MDCH of fraud, waste, abuse, negligence, out-of-control government spending, physical assault and mismanagement of taxpayers' money. Some suggested that Michigan's budget woes could be resolved with $4.4 billion in questionable spending.

Let's be very clear. The Single Audit has no findings of fraud. There is no malfeasance. There aren't billions or even millions of dollars being wasted and therefore the solution to the current budget deficit. Services MDCH provides are in no way connected to fraud, waste or abuse. The MDCH provides legitimate services for eligible people.

In fiscal year 2002, the Medicaid program served 1.2 million beneficiaries at a cost to the state general fund of $2.2 billion. In fiscal year 2010, the program will serve more than 1.8 million beneficiaries at a state cost of $ 1.7 billion. Simply put, in this fiscal year, the program will serve 50 percent more individuals at a state cost that is 23 percent lower than in fiscal year 2002. Roughly two-thirds of Michigan's Medicaid beneficiaries receive their health care services through an HMO system where nearly all are ranked in the top 50 in the U.S. The truth is that the state's Medicaid HMO program is recognized by the federal government as a national leader.

One could hardly imagine this record given the OAG's report. On July 28, the MDCH officials met with the House Appropriations Subcommittee to set the record straight. The MDCH disagrees with many of the key findings in the report. The report conveys information in a way that is misleading. It claims that MDCH has $4.4 billion of questionable expenditures. This number is based on assumptions and conclusions drawn from a small sample of records reviewed during the audit.

For example, the auditors examined a sample of 41 Medicaid cases to determine if each person's file had the proper paperwork for eligibility. Of the 41 cases, the OAG concluded that seven did not have the appropriate paperwork. They deemed payments for selected services relating to these cases as inappropriate. The auditors determined these services cost $8,000 and then projected that MDCH may have inappropriately spent $2.7 billion. The OAG acknowledges that "it is possible that DCH could obtain additional documentation that would reduce the amount of known and likely questioned costs."

The OAG identified some significant issues and MDCH is committed to fixing them. These problems are primarily

See "DCH Refutes," Page 11

The Refuge

PROPERTY RIGHTS NETWORK

A publication of the Mackinac Center for Public Policy

"A man's house is his castle — et domus sua cuique est tutissimum refugium" – Sir Edward Coke

I'M JUST A BILL

Back Page

East Lansing Should Look to China on Property Rights

BY RUSS HARDING

Chinese officials are considering rules that would make it more difficult for local government to seize property from individuals and turn it over to developers without at least compensating the property owners, according to a report in the May 27, 2010, edition of The New York Times. East Lansing officials may want to pay attention.

Government taking of private property in China has led to considerable civil unrest, including several cases of suicide of victimized property owners. Chinese officials may be more worried about rapidly escalating real estate values and a possible future real estate bubble than individual property rights, but at least people resisting the government taking of their property has gotten the Chinese government's attention.

East Lansing officials would be correct to point out that the situation regarding private property rights in China is much different than that in Michigan, where eminent domain is subject to federal constitutional as well as state constitutional and statutory protection. Businesses and property owners in the East Village area of East Lansing, however, have discovered that the threat of a blight designation by city officials has a serious negative impact on property values and can even threaten the future viability of their businesses.

See "Look to China," Page 6

Do We Really Own Property or Just Rent it From the Government?

BY RUSS HARDING

Property rights are guaranteed in both the U.S. and Michigan Constitutions. Most rights of a free people emanate from private property rights. Our founders came to America to escape the tyranny and feudalism in Europe — they recognized that a people could not be free without constitutional guarantees protecting private property. Unfortunately, private property rights in the United States have been steadily eroding during the last century. The loss of private property rights has been incremental but continual. Many property owners are astonished to discover how few rights they have left when they attempt to develop their land.

Taxation and regulation are the two main culprits in the loss of property rights. Property taxes in Michigan, even after the passage of Proposal A, remain a burden for many homeowners. Property owners in the state work hard and save for many years to pay off their mortgages, only to discover

See "Own or Rent," Page 6

GENESEE COUNTY LAND BANK THREATENS PRIVATE PROPERTY RIGHTS

BY RUSS HARDING

A fundamental debate is occurring throughout America regarding who is best able to make decisions regarding the use of property — individuals in a free market or government officials. Nowhere is this debate more prominent than in local zoning and planning controls often referred to as "smart growth."

Genesee County has taken government control of private property to a whole new level with the Land Bank, a centerpiece of the Genesee County Urban Land Redevelopment Initiative. Utilizing the legal authority of PA 123 of 1999, which makes it easier for local government to obtain tax reverted property, county officials have aggressively moved to acquire tax-foreclosed properties. According to an investigation by Cathy Shafran of WJRT in Flint, the Land Bank is now responsible for more than 7,000 properties, including 2,300 abandoned homes.

Private ownership of property has been a mainstay of the American political and economic system since the founding of the

See "Land Bank," Page 6

United States No Longer Among Top Nations in Protecting Private Property Rights

BY RUSS HARDING

According to the 2010 Index of Economic Freedom published by the Heritage Foundation and The Wall Street Journal, there are 16 countries that do a better job of protecting private property rights than the United States.

A dismal international ranking of 17 in protecting private property rights should serve as a wake-up call to Americans concerned about individual freedom and liberty. It is impossible for a people to remain free without respect for the rule of law and protection of private property rights.

The protection of private property and respect for the rule of law are fundamental constitutional principles, but these bedrock principles are being eroded by the actions of government officials at local, state and federal levels. The actions of the federal government in running roughshod over the legal rights of secured debtors in the Chrysler and General

See "Property Rights," Page 6

LOOK TO CHINA

from Page 5

The East Village area is a 35-acre neighborhood with 2,000 residents and 600 housing units. The area is typical of neighborhoods near universities and features well-maintained apartments, businesses and homes. City planners apparently have other ideas for the area. According to the city's master plan for the East Village area, they would like to replace students living in the area with residents of all ages and lifestyles and a more "diverse" commercial mix, including retail and office uses.

Government taking of private property in China has led to considerable civil unrest, including several cases of suicide of victimized property owners.

The best laid plans of central planners seldom deliver the promised benefits, but instead violate private property rights and destroy existing economic investment in the community. East Lansing officials should abandon any elements in their East Village master plan that diminish existing property values and threaten the property rights of residents and businesses in the area. ■

The original version of this story was posted online on June 10, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/12949.

OWN OR RENT

from Page 5

that they still have to pay high tax bills just to keep their homes. A strong case can be made that property owners do not own their property but instead rent it from the government.

Arguably, property taxes are the most destructive type of tax to freedom: Income taxes are mostly based on work activity and sales taxes are tied to discretionary purchases, but property taxes are levied based only on ownership and never go away.

And after the direct taxes, property owners are subjected to federal, state and local government regulations. Federal wetland and endangered species regulations often have a profound impact on the value and use of private property. Land owners who have wetlands on their property often find that they are curtailed from developing portions of their property even though they are required to pay taxes on the entire parcel. Courts have generally ruled that unless virtually 100 percent of the value of the property is lost due to government restrictions, the owner is entitled to no compensation.

State regulations that have the most impact on private property rights often involve regulations that implement federal and state environmental laws or licensing requirements. Licensing requirements often hit small businesses especially hard with extensive requirements dictating how they can conduct their business. These often lead to extensive time delays and high costs to deal with the red tape. A developer of fast food restaurants informed me that it cost him on average $160,000 more to develop a restaurant in Michigan than in Indiana, due to state and local government red tape.

The most pervasive government restrictions affecting private property are local ordinances and zoning restrictions. While some reasonable zoning requirements can protect a property owner's use and enjoyment of their property, it is evident that local governments in many cases have gone way beyond what is reasonable in their regulation of private property. It is one thing for local governments to impose restrictions on a nuisance issue such as noise or a safety issue such as traffic flow, but it is something else when government dictates how private property can be used or developed when — at times — it is done just to satisfy the whims of local officials.

These restrictions can be both extreme and ridiculous. While dining at a fast food restaurant in Okemos, Mich., my wife and I decided to enjoy the nice summer weather and eat outside. However, there was only one table and it was occupied. I queried the manager as to why they had not provided more than one table when there was adequate room for several. His reply: Meridian Township would not let them put in more than one outside table.

The Meridian Township example may seem like regulatory overkill, but unfortunately it is not uncommon. Seldom does a week go by when I do not receive a contact from a property owner somewhere in Michigan who relays an example of excessive restriction placed on the use of their property by local government.

Michigan needs stronger private property protections. These would limit by legal definition the ability of local and state government to unduly restrict the use of private property. In states such as Oregon, Ohio and Arizona, voters have taken it upon themselves through ballot drives to seize back some of their property rights. This direct action may soon be necessary in Michigan if legislators cannot muster the political will to address the problem. ■

The original version of this story was posted online on June 12, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/12955.

LAND BANK

from Page 5

country. Private property rights are guaranteed in both the U.S. and Michigan Constitutions. Americans have been traditionally supportive of government ownership of property when it serves a public purpose such as a school, highway or park. The Genesee County Land Bank, however, seems to go well beyond the traditional purposes of government ownership of property. The county is in effect acting as a real estate agent and landlord. Some have accused the county of being a slum landlord due to the blighted condition of much of the property in the Land Bank.

According to former Genesee Country Treasurer Dan Kildee, "With funding from the C.S. Mott Foundation, Genesee County engaged a local consulting team and a number of national partners in developing a more creative approach to use tax foreclosures as a community development tool. ... The (Land Bank) is funded with proceeds from the tax foreclosure process, and allows the county to acquire land through foreclosure and determine the best use of land with the community's needs in mind. ..." Kildee's statement appears to indicate the primary reason for the Land Bank is to remake the community to conform to the county's official land use vision.

The very existence of the Land Bank sends a chilling message to property owners as well as potential real estate investors. County officials have free rein to implement their utopian vision of smart growth land use policy through the Land Bank. It is not hard to imagine the removal or relocation of entire neighborhoods "with the community's needs in mind."

Flint is undergoing hard times. The city has lost more than 60,000 jobs and approximately half of its peak population in recent decades. The Land Bank, however, will not help to reverse the decline of the city, but instead will serve as a barrier to the private investment necessary to revitalization. The last thing potential investors want is uncertainty. Unfortunately, the Land Bank provides much uncertainty as the private sector is susceptible to the land use planning whims of county officials. Although the Land Bank may be well-intentioned, as are many government programs, it causes more problems than it solves and it should be dissolved. ■

The original version of this story was posted online on Aug. 5, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13297.

PROPERTY RIGHTS

from Page 5

Motors bankruptcies in order to reward politically favored unions did serious damage to the rule of law and the protection of private property. When state environmental regulators place unreasonable restrictions on the use of private property to protect mudpuddles or local government officials severely restrict the use of private property by citing "smart growth," Americans become less free.

Although Michigan cannot alone affect the country's poor international standing on protection of property rights, lawmakers in the state should follow the lead of other states and enact statutory changes to protect private property rights. Ohio has enacted a constitutional protection of private water rights, and Arizona and Oregon have put restrictions on regulatory takings of private property. Michigan officials need to make private property protection a priority to stem the gradual but relentless erosion of property rights. ■

The original version of this story was posted online on Aug. 5, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13296.

CRONY CAPITALISM AT THE STATE CAPITOL

BY KEN BRAUN

The people who own a Michigan insurance company have been effectively deprived of their power to sell their own investment under a new law hurriedly introduced and overwhelmingly approved by the Legislature this spring. Fearing that they could not stop the owner-investors of Fremont Insurance from selling it to another company, the politically well-connected board of directors has decided to keep control in their hands by changing state law. Frank Kavanaugh, a stockholder with over $3 million invested in Fremont, says this decision by his own employees is akin to "investing in protection and influence instead of the success and growth of the business."

Another term for it is "crony capitalism" — when business and politicians gang up to thwart the marketplace and the rule of law.

Originally Senate Bill 1174 — and now Public Act 61 of 2010 — the law boosts from a simple majority of more than 50 percent to a supermajority of 66.7 percent the number of shares necessary to approve a merger or sale of a publicly traded Michigan-based insurance company with fewer than 200 employees when the board of that company does not want the deal. Fremont currently has about 70 employees, and the law sunsets in 2012.

The law was requested by Fremont's current leadership and is targeted specifically at one of their largest owners: Sardar Biglari, who owns a $3.8 million share of Fremont that represents 9.9 percent of the company's stock. Biglari wants to own all of Fremont and is willing to pay for it: In December, his Biglari Holdings made a buyout offer to his fellow share-owners more than 10 percent above the most recent closing price of their investment.

At this point, under the rule of law that existed until recently, Fremont shareholders would have voted whether to sell to Biglari or not. If a majority of all shareholders accepted the deal, then each of them could opt to receive cash per share at the offered price, or shares of equal value in what would be Fremont's new parent company, Biglari Holdings, which is a more widely traded stock on the New York Stock Exchange.

It is rare that all of the shares are voted at any one time, so in practical terms, Biglari would have needed much more than 50 percent of those that were voting in order to gain support from a bare majority of all the shares that exist. The challenge for the current CEO and board of directors was to convince just a minority of the total ownership that the current management could make the company more valuable over the long haul than the price that Biglari was offering in the here and now.

And they had people who believed in them. Frank Kavanaugh of Fort Ashford Funds, the large shareholder quoted above, stated that he does not support the Biglari buyout and that he has favored the current management's "stated plan for conservative growth."

Biglari had a lot of convincing to do, but the management of Fremont wasn't interested in debating his offer in front of the other people who provide the paychecks. Instead, they asked Sen. Gerald Van Woerkom, R-Muskegon, to introduce the bill requiring the two-thirds supermajority.

They also hired Government Consulting Services Inc. to help advance the Van Woerkom bill quickly through the Legislature. GCSI is arguably the most powerful and effective multi-client lobbying firm in Michigan. It bears noting that the chairman of the board of Fremont, Don VanSingle, is himself a former GCSI lobbyist.

And Fremont hired a Lansing public relations firm owned by former lawmaker Dianne Byrum, mother of current Rep. Barb Byrum, D-Onandaga. Rep. Byrum is the chair of the insurance regulatory committee in the Michigan House that would decide what to do with the bill creating the supermajority.

So, while the Fremont leadership was worried about their chances of retaining power if forced to fight it out in a marketplace full of their own employers, they clearly knew that Lansing politics was a place where they could gain a decided home-field advantage.

And they knew what button to push to get lawmakers to listen to their plea: Jobs.

In particular, they alleged — based on no evidence — that Biglari was plotting to move Fremont out of state and take its 70 jobs with it. Biglari denies a desire to go anywhere or get rid of any employees (with the specific exception of the Fremont CEO, who is trying to ward off their takeover).

Biglari is also well-invested in Michigan already, and one might say as much or more than Fremont Insurance. Steak and Shake, a company already within the Biglari Holdings orbit, employs 900 people at its Michigan restaurant locations.

The Michigan Retailers Association came out strongly in favor of pushing the special bill for the special insurance company, and their comments are representative of the concern over lost jobs that Fremont was ginning up. MRA CEO James Hallan sent a letter to Byrum's committee, stating that the supermajority requirement would "help retain Michigan jobs."

Hallan is also a board member at Fremont Insurance.

Additionally, while the Van Woerkom legislation was zipping through the Legislature, a warm letter of praise from Travel Michigan was sent to Fremont, noting the insurance company's help in promoting the "Pure Michigan" tourism brand and sponsoring programs for it.

"Management is using company resources to limit our voices as investors. ..."

Pure Michigan is a taxpayer-financed government program that is a frequent target of budget-conscious lawmakers. Its supporters claim it creates jobs, its critics say no. The letter of support from the government agency for Fremont was submitted by Rep. Mary Valentine, D-Muskegon, as evidence in favor of the Van Woerkom bill when it was being heard before the House Insurance Committee, chaired by Rep. Byrum.

Neutral parties offered a more confused opinion of both the bill and the hustle to get it passed.

According to the MIRS newsletter (www.MIRSnews.com), Ken Ross, Insurance Commissioner with the Michigan Office of Financial and Insurance Regulation, testified before the Michigan Senate regarding the bill and said that his regulatory department was a "strong neutral" toward the change.

"Typically, this is a discussion for the board, shareholders and the company, not a regulatory or legislative discussion normally," said Ross, according to MIRS.

Sen. Gilda Jacobs, D-Huntington Woods, initially opposed the bill when it first came to a vote in the Senate.

"I have some issues about free enterprise and government not getting involved in individual businesses," said Jacobs, often reliably one of the most economically liberal members of the Michigan Senate. "I do understand the arguments on either side about jobs, job retention and job creation. I have a lot of questions. I am very puzzled as to why we have the need to rush this through. I don't understand the urgency of doing this so quickly."

Others were not so confused about the motives.

Speaking of the Fremont management team whose "plan for conservative growth" he preferred to the Biglari offer, Kavanaugh of Fort Ashford Funds stated nonetheless that Fremont's decision to fight it out in the political arena was a "disquieting" attempt to "protect management from the people who purchased ownership in the business."

"Management is using company resources to limit our voices as investors," he noted. "They are using legislation to protect their jobs and create a 'too politically connected to answer' board of directors at the expense of accountability, growth and jobs."

"I understand Senate Bill 1174 applies to only one or two Michigan entities," he said, "but this bill certainly does not send a pro-investor message to those of us who support Michigan enterprises. ..."

Biglari believes that a cozy set of perverse political relationships in Michigan government were used to change the rules and deny him fair access to the marketplace. An April 30 news release alleges that Rep. Byrum told Biglari representatives that she could push the bill through and change the rules on them because "government can do anything."

The Biglari news release replies that Rep. Byrum's alleged statement "smacks of not only

See "Crony Capitalism," Page 10

CITY BUDGET

from Page One

Ann Arbor City Council member Stephen Kunselman, a Democrat, opposed the art deal.

"I think it is incredibly insensitive," Kunselman said. "It is insensitive to the staff and their morale. It is insensitive to the community. There are people out there struggling financially, and here we are spending a large amount of money on a piece of art."

Kunselman said the city is also eliminating the solid waste coordinator from the budget, which oversees trash pickup, and hiring an art coordinator.

City Administrator Roger Fraser wrote in an e-mail that the solid waste coordinator position was eliminated as a cost-cutting measure because the solid waste millage had decreased. Fraser wrote that the art coordinator position would be paid for by the public art fund.

Fraser noted that the public art dollars did not come from the city's general fund, which is used to pay salaries and benefits, and that less than $6,000 of the art money came from the general fund.

The art projects also must have a "thematic connection" to the source of funding, Fraser wrote. The $850,000 art project is water-themed, because the money came from storm water funds.

But some critics say that a city creative enough to fund art from storm water projects should be able to find money to cover essential city services.

"That's the classic argument," said Glenn Thompson, an Ann Arbor resident and longtime critic of city spending. "But the city has become very, very good at shuffling money in and out of the general fund when they want. These people are very good at putting it in and out of the general fund when they wish."

Michael LaFaive, the director of the Mackinac Center for Public Policy's Morey Fiscal Policy Initiative, said nonessential services are being funded throughout the state.

"Administrators cry poverty while lavishing money on the beautiful people," LaFaive said. "The threat to dismiss firefighters often comes while officials protect golf courses, wave pools and art. No city can cry poverty while it defends recreation and aesthetics such as art."

LaFaive said administrators get creative with budgets to fund pet projects.

"It doesn't mean officials can't find ways to redirect the money," LaFaive said. "It appears on the surface that they are redefining what a capital improvement is, by designing a sculpture instead of true municipal infrastructure projects such as roads and bridges." ■

The original version of this story was posted online on July 22, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13219.

AUDITOR GENERAL

from Page One

of local agencies receiving Women, Infants and Children money every two years. The audit found that this wasn't done in 21 of the 48 local agencies reviewed. Those 48 local agencies received $28.5 million during the audit period.

Numerous times, the auditor general report put in ALL CAPS its recommendations and concerns.

For example, the report states: "FOR THE THIRD CONSECUTIVE AUDIT, WE RECOMMEND THAT DCH ENSURE COMPLIANCE WITH FEDERAL LAWS AND REGULATIONS REGARDING SPECIAL TESTS AND PROVISIONS PERTAINING TO DSH [disproportionate share hospital] PAYMENT FOR STATE PSYCHIATRIC HOSPITALS."

And dead people applying for benefits was something that caught the eye of the auditors.

The audit stated: "DCH did not establish controls to prevent or detect and correct payments to providers who were deceased prior to the date the medical service was provided."

The audit shows that DCH paid $300,000 to 158 Medicaid providers who were deceased prior to the date that the medical service in question was allegedly provided. Also, DCH improperly paid providers $700,000 on behalf of 1,705 deceased Medicaid beneficiaries. DCH stated it had recovered $193,000 from the providers.

The audit says that the "likely questioned costs" were about $2 million.

Also, the audit raised questions about a DCH program set up to keep disabled and elderly people in their homes and delay long-term care. The audit found that DCH paid $800,000 of that money for people who were already in long-term care facilities.

In one example, DCH paid $8,888 over a 12-month period for one person to live in their home, while at the same time also paying for the individual's stay at a long-term care facility.

"The auditor general report outlines a department that is rife with overlooked fraud and abuse, and it is simply frightening that this is the type of service our state provides people in need," said state Rep. Joe Haveman, R-Holland, in a press release. "As local governments are forced to choose between policemen versus fire fighters, as education funding is being cut, it is unconscionable for one department to waste as much as $4.4 billion in just two years and have no accounting for it."

"Don't ask for tax increases when you have inefficient government and you are wasting taxpayer money," said Rep. Dave Agema, R-Grandville. "Government keeps getting bigger when they are not efficient with the money they have." ■

The original version of this story was posted online on July 25, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13239.

LOAN

from Page One

a loan from the Michigan Economic Development Corp. Fast forward to 2010, the city requested and got approval from the MEDC to forgive $350,000 of the loan.

"When the state did that, in my mind, that is a taxpayer bailout for this project," Bellfy said. "Here we are nearly bankrupt as a state, and it was given away. I think that is completely and totally wrong. It may be perfectly legal; it just pisses me off they do these kind of things."

The East Lansing Downtown Development Authority bought the building from Brad Ballein. At the time of the sale, Ballein's father, Howard Ballein, was serving on the DDA, the son said. Today, Brad Ballein serves on the DDA.

Brad Ballein said the DDA bought the building from him for $700,000 six years ago before he was appointed to that board. He said he had bought the building for $550,000 and put another $150,000 in remodeling and broke even.

"To me, it wasn't a money maker," Brad Ballein said.

Tim Dempsey, East Lansing's Director of Planning and Community Development, said the MEDC forgave half the loan.

Bridget Beckham, spokeswoman for the MEDC, didn't return an e-mail seeking comment. ■

The original version of this story was posted online on May 25, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/12836.

THREE UNPAID PARKING TICKETS? NO LICENSE!

BY KEN BRAUN

Motorist with three or more unpaid parking tickets at one time should be looking warily over their shoulder at what state politicians are doing with legislation that has cleared the Michigan House but come to a stall in the Senate.

House Bill 4726, sponsored by Rep. Roy Schmidt, D-Grand Rapids, would have the Secretary of State deny a driver license renewal to any motorist with as few as three unpaid parking tickets. The bill cleared the Michigan House last October on a vote of 68-37. But on June 30, when it was brought up for a final passage vote in the Senate, the chamber overwhelmingly rejected it with a vote of 14-23.

A motion to reconsider the defeat was then adopted, allowing the Senate to try another vote at a later date.

Under current law, a local court may refer a motorist with six or more unpaid parking violations to the Michigan Secretary of State. Once alerted, the SOS may not issue a driver license renewal until the person has paid all outstanding parking ticket balances and late fees and paid a $45 "driver license clearance fee." The Schmidt bill would reduce this threshold to three unpaid tickets.

The real issue appears to be money for municipal governments.

Albert C. Mooney, Grand Rapids City Treasurer, submitted supportive testimony regarding HB 4726 to the House committee that first looked at the bill during October 2009. Noting that the city then had more than $3.5 million in uncollected parking fines, he predicted that passage of the bill would boost collections by as much as $500,000 for the first year and then provide more than $250,000 in additional collections for each year after that.

Summarizing the bill's intent, Mooney states at the outset that "The proposal is very straight forward — the bill helps cash-strapped local units by using existing technology to collect parking fines."

James C. Walker of Ann Arbor, representing the National Motorists Association, submitted testimony expressing his group's opposition to the proposal. Most pointedly, he asserted that the bill would be an expansion of the "punitive regulations" that came with the so-called "driver responsibility fees" imposed by the Legislature in 2003.

Summarizing the bill's intent, Mooney states at the outset that "The proposal is very straight forward — the bill helps cash-strapped local units by using existing technology to collect parking fines."

"The Responsibility Fees are a very poor law which led to thousands and thousands of unlicensed and uninsured drivers in the state of Michigan," wrote Walker. "Parking tickets have no relationship to driving safety."

According to Walker, demanding that otherwise safe drivers pay parking tickets as a precondition for getting their driver license renewed will instead result in many impoverished motorists that decide to drive without a valid license. His group believes that the current policy of cutting off renewals after six unpaid parking tickets is already "bad law."

"Refusing to renew a person's driver's license for non-payment of three parking tickets can have a very negative effect on public safety," he said.

Unlicensed drivers hitting the roads anyway appears to have been exactly what has happened with the driver responsibility fees. Many lawmakers are now ready to admit that creating the fees was an error. In June of this year, the Michigan Senate began taking testimony on a bill aimed at repealing some of the bad-driver fees.

"They are excessive and punitive," said Michigan Sen. Cameron Brown, R-Fawn River Twp., to the Gongwer News Service (www.gongwer.com, subscription only). "They were among the worst decisions our class of lawmakers have voted on and enacted into law."

Brown, one of the lawmakers who voted to create the fees in the first place, is now sponsoring a bill to repeal $45 million in annual driver responsibility fees.

Berrien County Circuit Court Judge Charles LaSata, also a former lawmaker who voted for the driver responsibility fees, testified to a senate committee that defendants in his court were willfully driving without licenses, and without insurance, and deliberately risking additional fines. He suspects this is happening because these drivers could not afford the added financial burden of the fees, but still need to get to work and go on with their lives.

Oakland County Clerk Ruth Johnson is a former member of the Michigan House who voted against the driver responsibility fees because she thought them "unfair," "bad law" and motivated purely by state government's desire to "find a pocket to get into."

Walker of the National Motorists Association offered better alternatives for cities that wish to recover their delinquent parking ticket revenue.

"Towing the vehicle or increasing the late payment fees are fine," he said. "But refusing to renew a driver's license is not appropriate."

Regarding the unlicensed drivers already prowling Michigan's roads, he noted that "We do not need to add even one more."

The Michiganvotes.org roll call votes for House Bill 4726 is reproduced below.

Contact information for lawmakers is available on Pages 12 and 14. ■

The original version of this story was posted online on July 27, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13237.

Check MichiganVotes.org

"Unpaid Parking Tickets": Lawmakers who voted TO BLOCK DRIVER LICENSE RENEWAL for three unpaid parking tickets:

SENATE REPUBLICANS (9)
Birkholz, Bishop, Cassis, Cropsey, Garcia, Jelinek, Richardville, Stamas, Van Woerkom

SENATE DEMOCRATS (5)
Basham, Gleason, Jacobs, Olshove, Prusi

HOUSE REPUBLICANS (28)
Ball, Bolger, Booher, Caul, Crawford, DeShazor, Elsenheimer, Haines, Hansen, Haveman, Hildenbrand, Jones, Rick, Knollenberg, Kowall, Lori, Lund, Marleau, Meltzer, Moore, Moss, Pavlov, Pearce, Proos, Rogers, Schmidt, W., Schuitmaker, Tyler, Walsh

HOUSE DEMOCRATS (40)
Angerer, Brown, T., Byrnes, Clemente, Constan, Corriveau, Coulouris, Cushingberry, Dean, Donigan, Ebli, Espinoza, Geiss, Gonzales, Haase, Hammel, Haugh, Huckleberry, Kandrevas, Kennedy, LeBlanc, Leland, Lemmons, Lindberg, Lipton, Liss, Mayes, McDowell, Meadows, Melton, Neumann, Polidori, Schmidt, R., Scripps, Sheltrown, Slavens, Slezak, Spade, Switalski, Womack

Lawmakers who voted AGAINST BLOCKING DRIVER LICENSE RENEWAL for three unpaid parking tickets:

SENATE REPUBLICANS (12)
Allen, Brown, George, Gilbert, Hardiman, Jansen, Kahn, McManus, Nofs, Pappageorge, Patterson, Sanborn

SENATE DEMOCRATS (11)
Anderson, Barcia, Brater, Cherry, Clark-Coleman, Clarke, Hunter, Scott, Switalski, Thomas, Whitmer

HOUSE REPUBLICANS (14)
Agema, Amash, Calley, Daley, Denby, Genetski, Horn, Kurtz, McMillin, Meekhof, Opsommer, Rocca, Scott, P., Stamas

HOUSE DEMOCRATS (23)
Barnett, Bauer, Bledsoe, Brown, L., Byrum, Durhal, Gregory, Griffin, Jackson, Johnson, Jones, Robert, Lahti, Miller, Nathan, Roberts, Scott, B., Segal, Smith, Stanley, Tlaib, Valentine, Warren, Young

Legislators who DID NOT VOTE:
Sen. Kuipers (R), Rep. Bennett (D), Rep. Dillon (D), Rep. Green (R), Rep. Nerat (D), Rep. Simpson (D)

2010 Senate Roll Call 338 on HB 4726
2010 House Roll Call 501 on HB 4726

Taxing Canoes and Kayaks

BY TOM GANTERT

People who hit Michigan's lakes and streams with their kayaks and canoes may have to pay a $5 fee to the state first as a host of bills looking to tax the state's summer activities are under consideration.

There is a bill that would require private canoes and kayaks to attach a registration decal on their crafts for an annual $5 fee.

"It's not the cost," said Dwight Walker of Marshall, who races kayaks. "I want less government in my life, and this is just another government regulation to have control of my life."

House Bill 6319 is the proposal that calls for the $5 fee on private canoes and kayaks. It is sponsored by Rep. Richard Ball, R-Laingsburg.

Ball said the fee was for safety reasons.

Sometimes empty kayaks and canoes come floating down a river, Ball said.

"If there is no number or decal, there is absolutely no way to trace it to check back and make sure that person is all right," Ball said. "You don't want to leave somebody out there. ... The idea here is to have some way to track these people to make sure they are all right. The $5 is not a very big fee. It is sort of an insurance policy for anyone who does canoeing on rivers or on lakes. It is an idea to protect the person in a kayak or canoe with a minimum insurance policy if their craft shows up empty and they don't seem to be anywhere around."

Jack McHugh, senior legislative analyst for the Mackinac Center for Public Policy, said the safety concerns could be addressed without a fee.

"Owners of ice fishing shacks are required to display their name and address on the structure, but are not subject to any fee and registration mandate," McHugh wrote in an e-mail. "I'm not recommending that, though, for this reason: If informed of this concern, most canoe and kayak owners would gladly apply similar labels voluntarily, with no new big-government impositions or mandates required. The fact that so often the Legislature's first answer is to tax-and-regulate is one reason many people have concluded that the system is broken and that neither party really represents them anymore."

There's also House Bill 6320, which would have livery owners paying a $5 inspection fee, more than double the customary $2 fee. That bill was sponsored by Rep. Rashida Tlaib, D-Detroit.

Cheri Hunter, owner of Borchers AuSable Canoe Livery, said the fee wouldn't have an impact on businesses and she was in favor of inspections.

"I'm never in favor of any fees going up, but I am in favor of the annual inspection," Hunter said.

Bill Duckwall, owner of Paddling Michigan livery in Marquette, said the $3 increase per boat or kayak is not a big deal to him because he had 40 livery boats.

"I don't know why they want to tax tourism," Duckwall said. "That is what they are doing. Michigan needs tourism. Michigan needs to find their own ways to cut some of the deadwood they have in the state. (They) always tax something and get it from the public. They ought to get it from being more efficient." ■

The original version of this story was posted online on July 16, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13188.

No Free Lunch: 'Taxing Teens at Taco Bell'

BY TOM GANTERT

Although it may be "free," that's not stopping some legislators from attempting to tax it.

State Rep. Mark Meadows, D-East Lansing, has introduced House Bill 6214, which would tax free meals employees get while working at restaurants and food establishments.

State Rep. Pete Lund, R-Shelby Township, said the bill amazes him.

Currently, restaurants are allowed to provide free or reduced-cost meals to employees without the employees having to pay sales tax. That would end Oct. 1 if Meadows' bill passes.

Lund said it amazed him Democrats were willing to give millions of dollars to subsidize Hollywood filmmakers, but then go after waiters and waitresses — many of whom are working for minimum wage — for more money.

"The idea of taxing teens who work at Taco Bell to pay for Michael Moore's fat-cat meals is no way to solve Michigan's problems," Lund said. "All the problems in this state, and the Democrats think this is going to solve our problems?" ■

The original version of this story was posted online on June 23, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13049.

CRONY CAPITALISM

from Page 7

small-time despotism but also a violation of individuals' and shareholders' rights."

A bipartisan majority of the Michigan House approved Senate Bill 1174 on a vote of 83-24; a bipartisan majority of the Michigan Senate approved it on a vote of 28-8; and Gov. Jennifer Granholm signed it into law on April 30 — just over two months after it was introduced.

Whether or not Rep. Byrum actually asserted the omnipotent power of government when speaking to the company, Biglari's characterization of "small-time despotism" succinctly defines the behavior of the majority of the Michigan Legislature and government in this affair.

The MichiganVotes.org roll call votes for Senate Bill 1174 are below.

Contact information for all lawmakers is located on Pages 12 and 14. ■

The original version of this story was posted online on May 18, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/12780.

Check MichiganVotes.org

"CRONY CAPITALISM": Lawmakers who voted TO RESTRICT THE RIGHT of shareholders to sell their own stock:

SENATE REPUBLICANS (16)

Allen, Birkholz, Bishop, Brown, Cassis, Cropsey, Garcia, George, Gilbert, Jelinek, Kahn, Kuipers, McManus, Patterson, Richardville, Van Woerkom

SENATE DEMOCRATS (12)

Anderson, Barcia, Cherry, Clark-Coleman, Clarke, Gleason, Hunter, Jacobs, Olshove, Prusi, Scott, Whitmer

HOUSE REPUBLICANS (28)

Ball, Booher, Calley, Caul, Crawford, Daley, Denby, Green, Haines, Hansen, Hildenbrand, Horn, Jones, Rick, Kowall, Lori, Marleau, Meekhof, Meltzer, Moore, Opsommer, Pavlov, Pearce, Rocca, Schmidt, W., Schuitmaker ,Scott, P., Tyler, Walsh

HOUSE DEMOCRATS (55)

Angerer, Barnett, Bauer, Bennett, Brown, L., Brown, T., Byrnes, Byrum, Constan, Corriveau, Dean, Dillon, Donigan, Durhal, Ebli, Espinoza, Geiss, Gonzales, Gregory, Haase, Hammel, Haugh, Huckleberry, Jackson, Johnson, Kandrevas, Kennedy, Lahti, Leland, Lemmons, Lindberg, Lipton, Liss, McDowell, Meadows, Melton, Nathan, Nerat, Neumann, Polidori, Roberts, Schmidt, R., Scott, B., Segal, Sheltrown, Slavens, Smith, Spade, Stanley, Switalski, Tlaib, Valentine, Warren, Womack, Young

Lawmakers who voted TO PROTECT shareholders rights:

SENATE REPUBLICANS (6)

Hardiman, Jansen, Nofs, Pappageorge, Sanborn, Stamas

SENATE DEMOCRATS (2)

Brater , Switalski

HOUSE REPUBLICANS (15)

Agema, Amash, Bolger, DeShazor, Elsenheimer, Genetski, Haveman, Knollenberg, Kurtz, Lund, McMillin, Moss, Proos, Rogers, Stamas

HOUSE DEMOCRATS (9)

Bledsoe, Clemente, Griffin, Jones, Robert, LeBlanc, Mayes, Miller, Scripps, Slezak

Legislators who DID NOT VOTE:

Rep. Coulouris (D), Rep. Cushingberry (D), Sen. Basham (D), Sen. Thomas (D)

2010 Senate Roll Call 207 on SB 1174
2010 House Roll Call 153 on SB 1174

More Federal Spending On the Way — And the Michigan House Asked for It

BY KEN BRAUN

In early August, the U.S. Congress voted to again extend unemployment benefits out to 99 weeks for workers in states — like Michigan — that have been hardest hit by the current economic downturn. It was the sixth such extension since June 2008, and is projected to add an additional $34 billion to the federal debt.

Republican members of Congress said they would support the proposal only if the Democrat majority agrees to pay for it without adding to the federal debt. According to The Wall Street Journal, U.S. Senate Minority Leader Mitch McConnell, R-KY, offered four different proposals that would have paid for the extension using unused stimulus spending — which is basically old debt — rather than adding more new debt. But each option was rejected by the Democrat majority.

Late last month, the Michigan House of Representatives approved House Resolution 309, which asked for this federal renewal of the unemployment benefits, and also for additional Medicaid spending. As originally drafted and introduced by Rep. Lisa Brown, D-West Bloomfield, the resolution did not express any concern about the likely source of the funding — namely tens of billions in additional borrowed money.

Two Republican amendments attempted to modify the resolution to reflect GOP concerns about the federal budget debt.

The first proposed amendment, offered by Rep. Tom McMillin, R-Rochester Hills, anticipated what appears will be the eventual decision to go ahead and borrow the money from future generations of Americans. McMillin asked that the title of the resolution be changed to the "lay more horrendous debt on our children and grandchildren resolution."

The Democrat majority gaveled down this prescient suggestion without taking a recorded roll call vote.

The second amendment proposal, offered by Rep. Pete Lund, R-Shelby Township, asked that the following instruction be added to the end of the resolution:

"Resolved, That we memorialize the United States House of Representatives and Senate to identify the funding source to pay for the extension of unemployment benefits and the extension of the FMAP funding to states before they take action on such items. ..."

The Democrat majority approved of this language and added it to the resolution. However, as noted above, the spending bill working its way through Congress does not pay heed to this request. Future generations of Americans will be left to decide how to pay for unemployment benefits that will be approved by the proposal.

Even with the new language, McMillin and four other Republicans still voted against sending House Resolution 309 to the U.S. Congress. The resolution was approved on a vote of 102-5. The Michiganvotes.org roll call vote for the resolution is noted to the right. Contact information for members of the Michigan House is available on Page 14. ■

The original version of this story was posted online on July 20, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13205.

Check MichiganVotes.org

"Federal Spending": Lawmakers IN FAVOR OF a resolution asking Congress for more unemployment and Medicaid spending:

HOUSE REPUBLICANS (38)

Ball, Bolger, Booher, Calley, Caul, Crawford, Daley, Denby, DeShazor, Elsenheimer Green, Haines, Hansen, Hildenbrand, Horn, Jones, Rick, Knollenberg, Kowall, Kurtz, Lori, Lund, Marleau, Meekhof, Meltzer, Moore, Moss, Opsommer, Pavlov, Pearce, Proos, Rocca, Rogers, Schmidt, W., Schuitmaker, Scott, P., Stamas, Tyler, Walsh

HOUSE DEMOCRATS (64)

Angerer, Barnett, Bauer, Bennett, Bledsoe, Brown, L., Brown, T., Byrnes, Byrum, Clemente, Constan, Corriveau, Cushingberry, Dean, Dillon, Donigan, Durhal, Ebli, Geiss, Gonzales, Gregory, Griffin, Haase, Hammel, Haugh, Huckleberry, Jackson, Johnson, Jones, Robert, Kandrevas, Kennedy, Lahti, LeBlanc, Leland, Lemmons, Lindberg, Lipton, Liss, Mayes, McDowell, Meadows, Melton, Miller, Nathan, Nerat, Neumann, Polidori, Roberts, Schmidt, R., Scott, B., Scripps, Segal, Sheltrown, Slavens, Slezak, Smith, Spade, Stanley, Switalski, Tlaib, Valentine, Warren, Womack, Young

Lawmakers OPPOSED TO a resolution asking Congress for more unemployment and Medicaid spending:

HOUSE REPUBLICANS (5)

Agema, Amash, Genetski, Haveman, McMillin

HOUSE DEMOCRATS (NONE)

Legislators who DID NOT VOTE:

Espinoza (D)

2010 House Roll Call 343 on HR 309

DCH REFUTES

from Page 4

related to documentation, recordkeeping, and the implementation of new automated systems. They are not fraud, waste, abuse, or mismanagement.

Over the last few years, MDCH has been undergoing a major automated systems overhaul. As a result, MDCH temporarily suspended identifying deceased beneficiaries and providers. During the audit period, $1 million of payments were made for services for deceased beneficiaries and to deceased providers. The new system is in place and MDCH has begun to recover those dollars.

The MDCH provides legitimate services for Michigan's most vulnerable citizens and we will continue to vigorously carry out that mission.

Janet Olszewski,
Director Michigan Department of Community Health

This letter was posted online on Aug. 4, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13300.

Michigan Capitol Confidential

Editor: Michael D. Jahr
Senior Managing Editor: Kenneth M. Braun
Graphic Designer: Daniel E. Montgomery

Michigan Capitol Confidential is published bimonthly by the Mackinac Center for Public Policy, a nonprofit, nonpartisan, tax-exempt research and educational institute devoted to analyzing Michigan public policy issues. Michigan Capitol Confidential is distributed to Michigan residents who have expressed an interest in public policy matters, as well as members of the media and lawmakers and policy staff in the Michigan House, Michigan Senate and Office of the Governor.

140 West Main Street, Midland, Michigan 48640
989-631-0900 • www.mackinac.org • MichiganVotes.org • MichCapCon.com

Information appears as follows:
State Senate District
Last Name, First Name: Party
Location
Phone
E-mail
—
New members highlighted in yellow

01
CLARKE, HANSEN: D
710 Farnum Building
517-373-7346
SenHansenClarke@senate.michigan.gov

02
SCOTT, MARTHA G.: D
220 Farnum Building
517-373-7748
SenMScott@senate.michigan.gov

03
CLARK-COLEMAN, IRMA: D
310 Farnum Building
517-373-0990
SenIClark-Coleman@senate.michigan.gov

04
THOMAS III, SAMUEL BUZZ: D
S-9 Capitol Building
517-373-7918
SenBThomas@senate.michigan.gov

05
HUNTER, TUPAC A.: D
915 Farnum Building
517-373-0994
SenTAHunter@senate.michigan.gov

06
ANDERSON, GLENN S.: D
610 Farnum Building
517-373-1707
SenGAnderson@senate.michigan.gov

07
PATTERSON, BRUCE: R
505 Farnum Building
517-373-7350
SenBPatterson@senate.michigan.gov

08
BASHAM, RAYMOND E.: D
715 Farnum Building
517-373-7800
SenRBasham@senate.michigan.gov

09
OLSHOVE, DENNIS: D
920 Farnum Building
517-373-8360
SenDOlshove@senate.michigan.gov

10
SWITALSKI, MICHAEL: D
410 Farnum Building
517-373-7315
SenMSwitalski@senate.michigan.gov

11
SANBORN, ALAN: R
S-310 Capitol Building
517-373-7670
SenASanborn@senate.michigan.gov

12
BISHOP, MICHAEL: R
S-106 Capitol Building
517-373-2417
SenMBishop@senate.michigan.gov

13
PAPPAGEORGE, JOHN: R
1020 Farnum Building
517-373-2523
SenJPappageorge@senate.michigan.gov

14
JACOBS, GILDA Z.: D
1015 Farnum Building
517-373-7888
SenGJacobs@senate.michigan.gov

15
CASSIS, NANCY: R
905 Farnum Building
517-373-1758
SenNCassis@senate.michigan.gov

16
BROWN, CAMERON: R
405 Farnum Building
517-373-5932
SenCBrown@senate.michigan.gov

17
RICHARDVILLE, RANDY: R
205 Farnum Building
517-373-3543
SenRRichardville@senate.michigan.gov

18
BRATER, LIZ: D
510 Farnum Building
517-373-2406
SenLBrater@senate.michigan.gov

19
NOFS, MIKE: R
515 Farnum Building
517-373-2426
SenMNofs@senate.michigan.gov

20
GEORGE, THOMAS M.: R
320 Farnum Building
517-373-0793
SenTGeorge@senate.michigan.gov

21
JELINEK, RON: R
S-324 Capitol Building
517-373-6960
SenRJelinek@senate.michigan.gov

22
GARCIA, VALDE: R
S-132 Capitol Building
517-373-2420
SenVGarcia@senate.michigan.gov

23
WHITMER, GRETCHEN: D
415 Farnum Building
517-373-1734
SenGWhitmer@senate.michigan.gov

24
BIRKHOLZ, PATRICIA L.: R
805 Farnum Building
517-373-3447
SenPBirkholz@senate.michigan.gov

25
GILBERT II, JUDSON: R
705 Farnum Building
517-373-7708
SenJGilbert@senate.michigan.gov

26
CHERRY, DEBORAH: D
910 Farnum Building
517-373-1636
SenDCherry@senate.michigan.gov

27
GLEASON, JOHN: D
315 Farnum Building
517-373-0142
SenJGleason@senate.michigan.gov

28
JANSEN, MARK C.: R
520 Farnum Building
517-373-0797
SenMJansen@senate.michigan.gov

29
HARDIMAN, BILL: R
305 Farnum Building
517-373-1801
SenBHardiman@senate.michigan.gov

30
KUIPERS, WAYNE: R
1005 Farnum Building
517-373-6920
SenWKuipers@senate.michigan.gov

31
BARCIA, JIM: D
1010 Farnum Building
517-373-1777
SenJBarcia@senate.michigan.gov

32
KAHN, ROGER MD: R
420 Farnum Building
517-373-1760
SenRKahn@senate.michigan.gov

33
CROPSEY, ALAN L.: R
S-8 Capitol Building
517-373-3760
SenACropsey@senate.michigan.gov

34
VANWOERKOM, GERALD: R
605 Farnum Building
517-373-1635
SenGVanWoerkom@senate.michigan.gov

35
MCMANUS, MICHELLE: R
S-2 Capitol Building
517-373-1725
SenMMcManus@senate.michigan.gov

36
STAMAS, TONY: R
720 Farnum Building
517-373-7946
SenTStamas@senate.michigan.gov

37
ALLEN, JASON: R
820 Farnum Building
517-373-2413
SenJAllen@senate.michigan.gov

38
PRUSI, MICHAEL: D
515 Farnum Building
517-373-7840
SenMPrusi@senate.michigan.gov

WHY WE GIVE PARTY AFFILIATIONS:

The Legislature is managed as a partisan institution. Lawmakers segregate themselves by party in matters from daily meetings to seating. They have separate and taxpayer-financed policy staffs to provide them with research and advice from differing perspectives. As such, gaining a full understanding of the vote of an individual lawmaker requires knowing his or her partisan affiliation.

Did you know?

Members of the Michigan House and Senate are the second highest-paid state legislators in the United States, behind California.

Base member annual pay: $79,650

Additional annual expense allowance: $12,000

Supplements are paid to the following 12 legislative officers:
- Speaker of the House: $27,000
- Majority leader in the Senate: $26,000
- Minority leaders in both House and Senate: $22,000
- Majority floor leaders in both House and Senate: $12,000
- Minority floor leaders in both House and Senate: $10,000
- Chair of Appropriations Committee in both House and Senate: $7,000
- House speaker pro tempore and Senate president pro tempore: $5,513

In more than 30 states, the position of state legislator is a part-time job with a salary of $30,000 or less. Texas — the second most populous state and second largest geographically — pays lawmakers $7,200 per year.

Some pay much less: New Hampshire legislators are paid a salary of $200 for a two-year term of office; Alabama pays $10 per day; and New Mexico offers no salary at all — just expenses. ■

CAPITOL CONFIDENTIAL

If you do not have Internet access, then you may obtain copies of legislative district maps by calling 989-631-0900 or by sending a written request to us at:
Mackinac Center for Public Policy, c/o MiCapCon District Maps
140 West Main Street, Midland, MI 48640

Information appears as follows:
State House District
Last Name, First Name: Party
Location / Phone
E-mail
—
HOB = House Office Building
CB = Capitol Building

001
BLEDSOE, TIMOTHY: D
S 0585 HOB / 517-373-0154
TimBledsoe@house.mi.gov

002
LEMMONS JR., LAMAR: D
S 0586 HOB / 517-373-0106
LaMarLemmonsJr@house.mi.gov

003
SCOTT, BETTIE COOK: D
S 0587 HOB / 517-373-1776
BettieCookScott@house.mi.gov

004
YOUNG II, COLEMAN: D
S 0588 HOB / 517-373-1008
ColemanAYoungII@house.mi.gov

005
JOHNSON, BERT: D
S 0589 HOB / 517-373-0144
BertJohnson@house.mi.gov

006
DURHAL JR., FRED: D
S 0685 HOB / 517-373-0844
FredDurhal@house.mi.gov

007
WOMACK, JIMMY: D
S 0686 HOB / 517-373-0589
JimmyWomack@house.mi.gov

008
CUSHINGBERRY JR., GEORGE: D
S 0687 HOB / 517-373-2276
GeorgeCushingberry@house.mi.gov

009
JACKSON, SHANELLE: D
S 0688 HOB / 517-373-1705
ShanelleJackson@house.mi.gov

010
LELAND, GABE: D
S 0689 HOB / 517-373-6990
GabeLeland@house.mi.gov

011
NATHAN, DAVID: D
N 0690 HOB / 517-373-3815
DavidNathan@house.mi.gov

012
TLAIB, RASHIDA: D
N 0691 HOB / 517-373-0823
RashidaTlaib@house.mi.gov

013
KANDREVAS, ANDREW: D
N 0692 HOB / 517-373-0845
AndrewKandrevas@house.mi.gov

014
CLEMENTE, ED: D
N 0693 HOB / 517-373-0140
EdClemente@house.mi.gov

015
POLIDORI, GINO: D
N 0694 HOB / 517-373-0847
GinoPolidori@house.mi.gov

016
CONSTAN, BOB: D
N 0695 HOB / 517-373-0849
BobConstan@house.mi.gov

017
DILLON, ANDY: D
166 CB / 517-373-0857
AndyDillon@house.mi.gov

018
LEBLANC, RICHARD: D
N 0697 HOB / 517-373-2576
RichardLeBlanc@house.mi.gov

019
WALSH, JOHN: R
N 0698 HOB / 517-373-3920
JohnWalsh@house.mi.gov

020
CORRIVEAU, MARC: D
N 0699 HOB / 517-373-3816
MarcCorriveau@house.mi.gov

021
SLAVENS, DIAN: D
S 0785 HOB / 517-373-2575
DianSlavens@house.mi.gov

022
GEISS, DOUGLAS: D
S 0786 HOB / 517-373-0852
DouglasGeiss@house.mi.gov

023
KENNEDY, DEB: D
S 0787 HOB / 517-373-0855
DebKennedy@house.mi.gov

024
ROBERTS, SARAH: D
S 0788 HOB / 517-373-0113
SarahRoberts@house.mi.gov

025
SWITALSKI, JON: D
S 0789 HOB / 517-373-1772
JonSwitalski@house.mi.gov

026
DONIGAN, MARIE: D
N 0790 HOB / 517-373-3818
MarieDonigan@house.mi.gov

027
LIPTON, ELLEN: D
N 0791 HOB / 517-373-0478
EllenLipton@house.mi.gov

028
LISS, LESIA: D
N 0792 HOB / 517-373-2275
LesiaLiss@house.mi.gov

029
MELTON, TIM: D
N 0793 HOB / 517-373-0475
TimMelton@house.mi.gov

030
ROCCA, TORY: R
N 0794 HOB / 517-373-7768
ToryRocca@house.mi.gov

031
MILLER, FRED: D
N 0795 HOB / 517-373-0159
FredMiller@house.mi.gov

032
HAASE, JENNIFER: D
N 0796 HOB / 517-373-8931
JenniferHaase@house.mi.gov

033
MELTZER, KIM: R
N 0797 HOB / 517-373-0820
KimMeltzer@house.mi.gov

034
STANLEY, WOODROW: D
N 0798 HOB / 517-373-8808
WoodrowStanley@house.mi.gov

035
GREGORY, VINCENT: D
N 0799 HOB / 517-373-1788
vVncentGregory@house.mi.gov

036
LUND, PETE: R
S 0885 HOB / 517-373-0843
PeteLund@house.mi.gov

037
BARNETT, VICKI: D
S 0886 HOB / 517-373-1793
VickiBarnett@house.mi.gov

038
CRAWFORD, HUGH: R
S 0887 HOB / 517-373-0827
HughCrawford@house.mi.gov

039
BROWN, LISA: D
S 0888 HOB / 517-373-1799
LisaBrown@house.mi.gov

040
MOSS, CHUCK: R
S 0889 HOB / 517-373-8670
ChuckMoss@house.mi.gov

041
KNOLLENBERG, MARTY: R
N 0890 HOB / 517-373-1783
MartyKnollenberg@house.mi.gov

042
HAUGH, HAROLD: D
N 0891 HOB / 517-373-0854
HaroldHaugh@house.mi.gov

043
HAINES, GAIL: R
N 0892 HOB / 517-373-0615
GailHaines@house.mi.gov

044
KOWALL, EILEEN: R
N 0893 HOB / 517-373-2616
EileenKowall@house.mi.gov

045
MCMILLIN, TOM: R
N 0894 HOB / 517-373-1773
TomMcMillin@house.mi.gov

046
MARLEAU, JIM: R
N 0895 HOB / 517-373-1798
JimMarleau@house.mi.gov

047
DENBY, CINDY: R
N 0896 HOB / 517-373-8835
CindyDenby@house.mi.gov

048
HAMMEL, RICHARD: D
N 0897 HOB / 517-373-7557
RichardHammel@house.mi.gov

049
GONZALES, LEE: D
N 0898 HOB / 517-373-7515
LeeGonzales@house.mi.gov

050
SLEZAK, JIM: D
N 0899 HOB / 517-373-3906
JimSlezak@house.mi.gov

051
SCOTT, PAUL: R
S 0985 HOB / 517-373-1780
PaulScott@house.mi.gov

052
BYRNES, PAM: D
S 0986 HOB / 517-373-0828
PamByrnes@house.mi.gov

053
WARREN, REBEKAH: D
S 0987 HOB / 517-373-2577
RebekahWarren@house.mi.gov

054
SMITH, ALMA: D
S 0988 HOB / 517-373-1771
AlmaSmith@house.mi.gov

055
ANGERER, KATHY: D
S 0989 HOB / 517-373-1792
KathyAngerer@house.mi.gov

056
EBLI, KATE: D
N 0990 HOB / 517-373-2617
KateEbli@house.mi.gov

057
SPADE, DUDLEY: D
N 0991 HOB / 517-373-1706
DSpade@house.mi.gov

058
KURTZ, KENNETH: R
N 0992 HOB / 517-373-1794
KennethKurtz@house.mi.gov

059
LORI, MATT: R
N 0993 HOB / 517-373-0832
MattLori@house.mi.gov

060
JONES, ROBERT: D
N 0994 HOB / 517-373-1785
RobertJones@house.mi.gov

061
DESHAZOR, LARRY: R
N 0995 HOB / 517-373-1774
LarryDeShazor@house.mi.gov

062
SEGAL, KATE: D
N 0996 HOB / 517-373-0555
KateSegal@house.mi.gov

063
BOLGER, JAMES: R
N 0997 HOB / 517-373-1787
JamesBolger@house.mi.gov

064
GRIFFIN, MARTIN: D
N 0998 HOB / 517-373-1795
MartinGriffin@house.mi.gov

065
SIMPSON, MIKE: D
N 0999 HOB / 517-373-1775
MikeSimpson@house.mi.gov

066
ROGERS, BILL: R
S 1085 HOB / 517-373-1784
BillRogers@house.mi.gov

067
BYRUM, BARB: D
S 1086 HOB / 517-373-0587
BarbByrum@house.mi.gov

068
BAUER, JOAN: D
S 1087 HOB / 517-373-0826
JoanBauer@house.mi.gov

069
MEADOWS, MARK: D
S 1088 HOB / 517-373-1786
MarkMeadows@house.mi.gov

070
HUCKLEBERRY, MIKE: D
S 1089 HOB / 517-373-0834
MikeHuckleberry@house.mi.gov

071
JONES, RICK: R
N 1090 HOB / 517-373-0853
RickJones@house.mi.gov

072
AMASH, JUSTIN: R
N 1091 HOB / 517-373-0840
JustinAmash@house.mi.gov

073
PEARCE, TOM: R
N 1092 HOB / 517-373-0218
TomPearce@house.mi.gov

074
AGEMA, DAVID: R
N 1093 HOB / 517-373-8900
DaveAgema@house.mi.gov

075
DEAN, ROBERT: D
N 1094 HOB / 517-373-2668
RobertDean@house.mi.gov

076
SCHMIDT, ROY: D
N 1095 HOB / 517-373-0822
RoySchmidt@house.mi.gov

077
GREEN: KEVIN: R
N 1096 HOB / 517-373-2277
KevinGreen@house.mi.gov

078
TYLER, SHARON: R
N 1097 HOB / 517-373-1796
SharonTyler@house.mi.gov

079
PROOS, JOHN: R
N 1098 HOB / 517-373-1403
JohnProos@house.mi.gov

080
SCHUITMAKER, TONYA: R
N 1099 HOB / 517-373-0839
TonyaSchuitmaker@house.mi.gov

081
PAVLOV, PHIL: R
S 1185 HOB / 517-373-1790
PhillipPavlov@house.mi.gov

082
DALEY, KEVIN: R
S 1186 HOB / 517-373-1800
KevinDaley@house.mi.gov

083
ESPINOZA, JOHN: D
S 1187 HOB / 517-373-0835
JohnEspinoza@house.mi.gov

084
BROWN, TERRY: D
S 1188 HOB / 517-373-0476
TerryBrown@house.mi.gov

085
BALL, RICHARD: R
S 1189 HOB / 517-373-0841
RichardBall@house.mi.gov

086
HILDENBRAND, DAVE: R
N 1190 HOB / 517-373-0846
RepHildenbrand@house.mi.gov

087
CALLEY, BRIAN: R
N 1191 HOB / 517-373-0842
BrianCalley@house.mi.gov

088
GENETSKI, BOB: R
N 1192, HOB / 517-373-0836
BobGenetski@house.mi.gov

089
MEEKHOF, ARLAN: R
N 1193 HOB / 517-373-0838
ArlanBMeekhof@house.mi.gov

090
HAVEMAN, JOSEPH: R
N 1194 HOB / 517-373-0830
JosephHaveman@house.mi.gov

091
VALENTINE, MARY: D
N 1195 HOB / 517-373-3436
MaryValentine@house.mi.gov

092
BENNETT, DOUG: D
N 1196 HOB / 517-373-2646
DougBennett@house.mi.gov

093
OPSOMMER, PAUL: R
N 1197 HOB / 517-373-1778
PaulOpsommer@house.mi.gov

094
HORN, KENNETH: R
N 1198 HOB / 517-373-0837
KennethHorn@house.mi.gov

095
COULOURIS, ANDY: D
N 1199 HOB / 517-373-0152
AndyCoulouris@house.mi.gov

096
MAYES, JEFF: D
S 1285 HOB / 517-373-0158
JeffMayes@house.mi.gov

097
MOORE, TIM: R
S 1286 HOB / 517-373-8962
TimMoore@house.mi.gov

098
STAMAS, JIM: R
S 1287 HOB / 517-373-1791
JimStamas@house.mi.gov

099
CAUL, BILL: R
S 1288 HOB / 517-373-1789
BillCaul@house.mi.gov

100
HANSEN, GOEFF: R
S 1289 HOB / 517-373-7317
GoeffHansen@house.mi.gov

101
SCRIPPS, DAN: D
S 1385 HOB / 517-373-0825
DanScripps@house.mi.gov

102
BOOHER, DARWIN: R
S 1386 HOB / 517-373-1747
DarwinBooher@house.mi.gov

103
SHELTROWN, JOEL: D
S 1387 HOB / 517-373-3817
JoelSheltrown@house.mi.gov

104
SCHMIDT, WAYNE: R
S 1388 HOB / 517-373-1766
WayneSchmidt@house.mi.gov

105
ELSENHEIMER, KEVIN: R
S 1389 HOB / 517-373-0829
KevinElsenheimer@house.mi.gov

106
NEUMANN, ANDY: D
S 1485 HOB / 517-373-0833
AndyNeumann@house.mi.gov

107
MCDOWELL, GARY: D
S 1486 HOB / 517-373-2629
GaryMcDowell@house.mi.gov

108
NERAT, JUDY: R
S 1487 HOB / 517-373-0156
JudyNerat@house.mi.gov

109
LINDBERG, STEVEN: D
S 1488 HOB / 517-373-0498
StevenLindberg@house.mi.gov

110
LAHTI, MICHAEL: D
S 1489 HOB / 517-373-0850
MikeLahti@house.mi.gov

Michigan Pols Approve Stimulus Spending

BY KEN BRAUN

Michigan state government will spend another $47.9 million in federal stimulus money under a bill recently signed by the governor. As with previous state expenditures of this type, Michigan Senate Bill 1166 draws this money from the $787 billion American Recovery and Reinvestment Act of 2009. More familiarly known as the "Federal Stimulus Bill," this measure was supported by the president and most Democrats in Congress, and was opposed by every single Republican in the U.S. House and all but three Republican U.S. Senators.

To many Democrats, the stimulus and its various spending components are a signature accomplishment of the president's first year in office. On the other side, opposition to this spending has become one of the single largest causes of the grassroots "tea party" movement that has sprung up across the nation.

Republicans in the Michigan Legislature were more supportive of spending this latest chunk of the stimulus pie than their federal counterparts were toward

A bill to spend American Recovery and Reinvestment Act money received bipartisan support in the Michigan Legislature.

baking the $787 billion spending pie in the first place. In the Michigan House, Republicans split right down the middle, with 21 voting for SB 1166 and 21 voting against it. One House Democrat, Rep. Coleman Young Jr. of Detroit, bucked an otherwise supportive Democrat caucus and also voted "no."

In the Michigan Senate, all but two Republicans voted in favor of the $47.9 million appropriation of stimulus spending. Democrats all voted in favor.

Detroit and other large cities in Michigan would be the biggest winners from this new spending. According to a Senate Fiscal Agency memo, $30 million of SB 1166's spending will go toward "energy efficiency improvement" projects, with a large portion of that going to "central city" buildings in Detroit, Grand Rapids and elsewhere. The money would be used to provide "energy efficiency" retrofits for private residences, commercial buildings and public buildings.

Michigan's $30 million share of this spending comes from a $400 million U.S. Dept. of Energy grant program that is funded from the federal stimulus act.

The Senate Fiscal Agency reports that the remaining $17.9 million from SB 1166 will be used to "support maintenance and demolition of tax-reverted properties" in Detroit, Grand Rapids, Hamtramck, Highland Park, Pontiac and Wyandotte.

On July 1, both chambers of the Legislature approved this spending. SB 1166 was signed into law by the governor on July 21. The MichiganVotes.org roll call votes for this bill are listed at right.

Contact information for all lawmakers is on Pages 12 and 14. ■

The original version of this story was posted online on Aug. 2, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13276.

Check MichiganVotes.org

"Stimulus Spending": Lawmakers who voted FOR STIMULUS SPENDING:

SENATE REPUBLICANS (19)
Allen, Birkholz, Bishop, Brown, Cropsey, Garcia, George, Gilbert, Hardiman, Jansen, Jelinek, Kahn, Kuipers, McManus, Nofs, Pappageorge, Richardville, Sanborn, Stamas

SENATE DEMOCRATS (16)
Anderson, Barcia, Basham, Brater, Cherry, Clark-Coleman, Clarke, Gleason, Hunter, Jacobs, Olshove, Prusi, Scott, Switalski, Thomas, Whitmer

HOUSE REPUBLICANS (21)
Ball, Bolger, Booher, Caul, Crawford, DeShazor, Green, Hansen, Horn, Jones, Rick, Lori, Moore, Moss, Opsommer, Proos, Rocca, Schmidt, W., Schuitmaker, Stamas, Tyler, Walsh

HOUSE DEMOCRATS (63)
Angerer, Barnett, Bauer, Bennett, Bledsoe, Brown, L., Brown, T., Byrnes, Byrum, Clemente, Constan, Corriveau, Cushingberry, Dean, Dillon, Donigan, Durhal, Ebli, Geiss, Gonzales, Gregory, Griffin, Haase, Hammel, Haugh, Huckleberry, Jackson, Johnson, Jones, Robert, Kandrevas, Kennedy, Lahti, LeBlanc, Leland, Lemmons, Lindberg, Lipton, Liss, Mayes, McDowell, Meadows, Melton, Miller, Nathan, Nerat, Neumann, Polidori, Roberts, Schmidt, R., Scott, B., Scripps, Segal, Sheltrown, Slavens, Slezak, Smith, Spade, Stanley, Switalski, Tlaib, Valentine, Warren, Womack

Lawmakers who voted VOTED AGAINST SPENDING STIMULUS money:

SENATE REPUBLICANS (2)
Cassis, Patterson

SENATE DEMOCRATS (NONE)

HOUSE REPUBLICANS (21)
Agema, Amash, Calley, Daley, Denby, Elsenheimer, Genetski, Haines, Haveman, Hildenbrand, Knollenberg, Kowall, Kurtz, Lund, Marleau, McMillin, Meekhof, Meltzer, Pavlov, Rogers, Scott, P.

HOUSE DEMOCRATS (1)
Young

Legislators who DID NOT VOTE:

Rep. Espinoza (D), Rep. Pearce (R), Sen. Van Woerkom (R)

2010 Senate Roll Call 352 on HB 1166
2010 House Roll Call 311 on HB 1166

NEW STATE DATA SHOWS MICHIGAN PUBLIC SCHOOLS SPENT RECORD AMOUNT PER STUDENT

BY MICHAEL VAN BEEK

Michigan public schools received and spent more money per pupil in 2008-2009 than in any previous year for which figures are available, according to new data from the Michigan Department of Education.

Combined taxes from local, state and federal sources pumped $19.59 billion in the public school system last year. This gross receipts figure was actually down $200 million from the previous year, but since the number of students dropped by an unprecedented 31,000 from 2007 to 2008, the amount of money spent per student increased by $200, to just over $13,000.

Per-pupil spending for instructional salaries and benefits rose by 3.1 and 3.7 percent, respectively. Overall instructional costs increased by 3.9 percent. School administration costs also increased: On a per-pupil basis, salaries and benefits paid to principals were each up by 2 percent, and overall spending on superintendents and top administrators increased slightly.

The only areas where schools spent less per pupil was on transportation (down 1.6 percent) and "other support services," which includes things like human resources and business office personnel (down less than 1 percent).

The same pattern emerges when looking back a bit further. In the 2003-2004 school year, gross receipts were also higher — about $20.5 billion after adjusting for inflation. But enrollment was nearly 100,000 greater than it is now, so spending per-pupil was lower.

In the just-completed school year (for which final per-pupil figures are not yet available) state and local tax school receipts were down slightly, both in the aggregate and on a per-pupil basis. However, some $2.2 billion in federal money — a portion of which was temporary "stimulus" spending — made up for these small decreases.

The data are sortable by district and available online at: www.mackinac.org/depts/epi/fiscal.aspx. ■

The original version of this story was posted online on July 28, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13248.

Mackinac Center Investigation Leads to Criminal Charge

BY TOM GANTERT

Hangar42 was a complex, suspicious land deal involving $10 million in tax credits that the Mackinac Center first brought to light.

For the last six months, Mackinac Center reporter Kathy Hoekstra kept a list of the 20 or so parties involved in the deal by taping a piece of paper with their names on her wall to better track the scheme. With every development, Hoekstra updated the wall.

On July 27, Joe Peters — the buyer of Hangar42 — was charged by the Michigan Attorney General's office with one count of attempted felony false pretenses over $20,000, according to a press release. The AG office looked into the questionable Michigan film tax credit application Peters filed with the Michigan Film Office. The Mackinac Center called for an investigation by the Attorney General's office on June 17.

"How many more outside deals might we have exposed if the MEDC had not constructed a Berlin Wall around information." – Michael LaFaive

The AG's investigation came a month after the Mackinac Center's Hoekstra and Michael LaFaive broke the story May 20 of Hangar42. Peters' company, West Michigan Film, purchased a large production studio for $40 million dollars.

Hangar42 — which was touted by Gov. Jennifer Granholm in her State of the State address — was said to be a $40 million investment.

But Mackinac Center research showed the building was listed for sale for as little as $9.8 million just days before the governor's speech mentioned the project. The studio qualified for a refundable infrastructure tax credit, which would represent 25 percent of the infrastructure investment in the project.

The Attorney General's press release stated that the credit application was ultimately denied when Peters could not properly document the alleged investment.

The Michigan Film Office and Michigan Economic Development Corp. ignored questions posed by Hoekstra and LaFaive during the Mackinac Center's investigation.

"It's huge," said LaFaive, the director of the Mackinac Center's Morey Fiscal Policy Initiative, about the charge. "It shows the importance of independent investigation. How many more outside deals might we have exposed if the MEDC had not constructed a Berlin Wall around information."

Hoekstra said the goal was to protect taxpayer dollars.

The Hangar42 facility was the subject of a suspicious land deal that lead to felony charges.

"We want to make sure nobody is taking advantage of the system on the backs of Michigan taxpayers." ■

The original version of this story was posted online on Aug. 2, 2010. It is available with hyperlinks and more info at www.MichCapCon.com/13285.

MichiganVotes.org

A sampling of proposed state laws, as described on MichiganVotes.org

SENATE BILL 1441
Allow Spartan Stores (but not competitors) to hold wine tastings

Introduced by state Sen. Mark Jansen, R-Gaines Township

The bill would allow the Spartan Stores grocery chain (but not other grocery chains, such as Meijer, Kroger, etc.) to hold wine tastings in its stores.

HOUSE BILL 6257
Restrict Attorney General from joining certain lawsuits (like federalized health care)

Introduced by state Rep. Mark Meadows, D-East Lansing

The bill would prohibit the state Attorney General from initiating or intervening in any federal court or tribunal, or one in another state or country, unless this is requested by the governor. The bill was introduced after the current Attorney General joined in several lawsuits against the implementation of federal health care law signed by President Obama on March 23, 2010.

HOUSE BILL 6311
Impose regulations on amateur mixed martial arts competitors

Introduced by state Rep. David Agema, R-Grandville

The bill would extend to amateur mixed martial competitions the same regulations, licensure mandates and fees as professional events. The bill establishes a new comprehensive regulatory regime.

SENATE BILL 1308
Strengthen "protectionist" auto dealer contract regulations

Introduced by state Sen. Jud Gilbert, R-Algonac

(Note: This bill has become law – Public Act 138 of 210)

The law imposes additional restrictions on auto manufacturers seeking to downsize their dealer networks, including a 50 percent increase in the size of protected dealer "territories." Other provisions in this and Senate Bill 1309 would prohibit manufacturers from having dealer contracts that have a disparate impact on low-volume dealers. In general, the bills would strengthen provisions in this state's dealer protectionism laws, which essentially create a de facto "entitlement" for existing new car dealers to retain their status, regardless of market changes or impacts on consumer choice. They would also make litigation cost awards to a dealer who wins a complaint under this law optional rather than required.

HOUSE BILL 5593
Increase licensure fees on nurses

Introduced by state Rep. David Agema, R-Grandville and state Rep. Alma Smith, D-Salem Township

The bill would increase license fees on nurses from $20 to $30, and also increase application and other related fees.

HOUSE BILL 6195
Authorize unionization of home personal assistance providers

Introduced by state Rep. Bert Johnson, D-Detroit

The bill would codify in statute a scheme begun in 2004 by which the state has unionized 42,000 individuals hired by elderly or disabled Medicaid recipients to provide personal care services in their homes. These providers are not employees of the state, so the scheme uses the legal device of creating a shell government "employer" (the "Michigan Quality Community Care Council") that transfers some $6.6 million in Medicaid money annually to the SEIU union (considered the "union dues" for these workers).

HOUSE BILL 5305
Increase marriage license and earmark more to "family counseling"

Introduced by state Rep. Mark Meadows, D-East Lansing

The bill proposes to increase the cost for a license to get married from $20 to $40, and increase the amount of marriage license fees that go to government-funded "family counseling services" from $15 to $25. ■