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## The problem with pork

*Michigan lawmakers grant \$1B in earmarks annually*



Photo by Adobe Stock

BY JAMIE A. HOPE

The Grand Rapids Ballet is a well-funded nonprofit that opened its doors in 1971. The Detroit-Windsor Dance Academy was founded in the 1980s by award-winning choreographer Debra White-Hunt. What is the difference between the two dance companies? The ballet received \$1.8 million from the state, and the Detroit academy did not. The academy was forced to close because White-Hunt could not afford to run it full-time, according to Bridge Detroit.

Why was one ballet awarded state money and the other not considered? Likely because one legislator requested money for a constituent, and another did not. That is the problem with pork. One of the problems, anyway.

The 2024 state budget included a record-breaking \$1 billion in pork projects. Should legislators be given the power to allocate funds to an organization in their districts, without having to go through legislative procedures to ensure taxpayer money is being spent properly?

James Hohman, budget director at the Mackinac Center for Public Policy, says no.

"It's never about ballet, or cricket or whatever pork project gets selected. It's inappropriate for legislators to tax everyone to direct money to their district. Legislators should be focused on the public's benefit, not redistributing cash to their area," Hohman told Michigan Capitol Confidential.

CapCon has consistently highlighted the issue. But some social media users take offense at our reporting on the matter, arguing that this cricket field or that museum is a worthy use of taxpayer funds.

Some state residents are not aware of how their government allocates tax dollars. There is no process for awarding these earmarks, other than a legislator's request on behalf of one of his or her constituents. This results in a lack of transparency and accountability, and it can create an unfair advantage for some businesses over their competitors.

Curling enthusiasts in Traverse City were given \$2 million from the 2023 state budget to create a new facility. There is already a comparable privately owned curling facility near the new development. Yet taxpayer money gives the new curling facility a \$2 million financial boost over its competitor.

It is time for the Legislature to be honest about its pork problem. Current leaders in Lansing vowed more government transparency, and they have yet to fulfill that promise. There should be a vetting process in legislative committees to determine if there is a need and public benefit when taxpayer money is requested for a private sector entity.

Earmarks are political favors, given with taxpayer dollars, with no strings attached. They often create an unfair advantage for one firm or nonprofit against competitors that are not as politically connected. Pork is wrong because pork is favoritism, regardless of how noble the project may be. ■

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**Michigan lawmaker calls for homeschool registry**

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## In Michigan, regulations contribute to high housing costs

*Half as many housing permits were issued in 2022 as in 2005 in Michigan*



Photo by Pexels

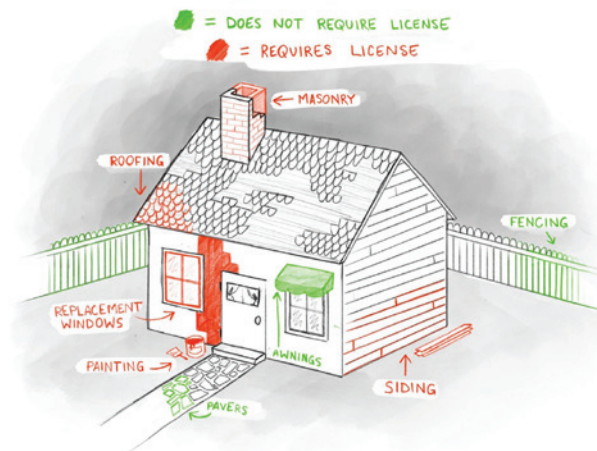
BY JAMIE A. HOPE

Michigan has a housing problem. There were 46,904 housing units permitted in the state in 2005. But only 20,983 permits were issued in 2022, less than half that number. The decline may explain why housing has become more expensive.

Household incomes have increased over the years, but the cost of a house has gone up even more. The national median housing price went up 294% between 2000 and 2022, according to the Federal Reserve Bank of St. Louis. By contrast, the median household income increased by 77% over that same time.

Inflation is one factor behind the rising cost of housing, and it is beyond the control of state officials. But regulations, many imposed at the state and local level, add almost 23% to housing costs, according to the National Association of Home Builders.

### Michigan's Arbitrary Construction Licensing



These licenses require 60 hours of coursework, passing a \$160 test, a fee of \$125 and continuing education classes.

The Mackinac Center for Public Policy provides an illustration of how licensing requirements affect housing, with many occupations involved in building and maintaining housing requiring licensing. The

state's many occupational licenses increase costs to the consumer.

If a homeowner wants concrete poured, a hired contractor must have a license. The contractor must have 60 hours of training. The contractor also must take a residential builder exam, or a maintenance and alteration contractor exam, or have a military waiver. This person also must pay a \$70 fee for the license.

If a homeowner wants to hire someone to build an asphalt driveway, by contrast, no license is needed. Other housing-related occupations, however, require a government-issued license. These include painters, carpenters, insulators, and tile and marble installers. People who lay wood floors, install siding or add a new roof also need a license.

If you want to get professional help for other kinds of housing work, your contractor does not need a license: drywall, sewer and septic, plaster, paving, carpeting, vinyl flooring, fencing, awning and house moving.

Health and safety concerns may appear to drive the move to create an occupational license, but that is not always true. Sometimes the people who currently work in an occupation ask for a licensing regime as a way to keep newcomers from coming into the marketplace.

Licensing does not just affect homeowners and new construction. Landlords often increase rent to accommodate for the costs of regulations that lawmakers impose on rental property. If the "Renter's Bill of Rights" were enacted into law, renters would likely end up paying more, and perhaps have fewer options in housing.

Michigan Capitol Confidential has previously reported on how the legislation would increase rental costs. Readers who wish to reach their legislators may look up contact information on the websites of the Michigan House of Representatives and the Michigan Senate. ■

*The original version of this story was posted online on November 24, 2023 and is available at [MichCapCon.com/31427](https://michcapcon.com/31427).*



## EV battery maker lays off quarter of staff

BY JAMES DAVID DICKSON

Gov. Gretchen Whitmer was all smiles at Our Next Energy's ribbon-cutting event in October 2022. After state officials arranged \$237 million in corporate welfare, the \$1.6 billion project broke ground in Wayne County, with promises to hire 2,112 workers. ONE, an electric vehicle battery maker aiming to solve the problem of range limitation that has troubled EV engineers since the days of Thomas Edison, would position Michigan as a leader in the next generation of the auto industry, Whitmer claimed.

Just over a year later, ONE is laying off one-quarter of its staff, firing 128 of its 512 employees. The Detroit News reports that 82 of the jobs cut are in Michigan. The layoffs come, the company said, "in response to market conditions and to focus on core priorities."

The company explained the firings as necessary as part of its transition from research and development to production, and it added that the move would

not compromise the plant in Van Buren Township.

"ONE expects the plant to be operating at full capacity, building enough cells to assemble the equivalent of 200,000 EV battery packs annually, by the end of 2027," Kalea Hall reports.

State officials insist that there is no cause for concern, that plans for the factory are unchanged, and that ONE remains on track.

When the project was announced last year, the company aligned itself with Whitmer's energy policy.

"A significant factor in ONE's decision to build its very first Gigafactory here in Michigan was in part due to the Governor's MI Healthy Climate Plan, which outlines a path to carbon neutrality by 2050 and a specific focus on supporting increased electric vehicle infrastructure access and affordability," read the state's press release.

The MI Healthy Climate Plan says Michigan should build the infrastructure for 2 million electric vehicles by 2030.



Photo by Adobe Stock

The company's alignment with Whitmer doesn't end there.

On Oct. 4, 2022, ONE CEO Mujeeb Ijaz donated \$6,150 to Gov. Gretchen Whitmer's reelection campaign, records show. The very next day, the state announced the \$237 million incentive package.

Ijaz donated a total of \$7,150 to Whitmer during that election cycle, when she secured a second term as governor.

Ijaz's wife donated an identical \$7,150 to Whitmer during the 2022 cycle. ■

*The original version of this story was posted online on November 29, 2023 and is available at [MichCapCon.com/31555](https://michcapcon.com/31555).*

## Ford Marshall plant dubbed worst deal of 2023

*Taxpayers spent \$1.7B; governor's allies ran expensive smear campaign against dissenters*



BY JAMES DAVID DICKSON

Ford Motor Co.'s BlueOval Battery Park in Marshall is the worst economic development deal of 2023, the Center for Economic Accountability has announced.

The center "exists to change the way Americans think and feel about economic development in their communities," according to its website. In its new report, the center, which is led by former

Mackinac Center staffer John Mozena, explains that the deal required a pledge of \$1.7 billion from Michigan taxpayers, to be paid through direct cash giveaways and tax abatements.

But the center takes special aim at the aggressive and dishonest attempts by project backers to manufacture public consent and to scare off dissenters.

Residents who spoke out against the project were sent postcards showing their faces crossed out by red Xs, according to a Detroit Free Press report. Reporter Dave Boucher called the threats "part of a

larger campaign to shout down opponents of" the project, funded by "dark money" tied to Gov. Gretchen Whitmer and the Democratic Party's national apparatus.

"The reported use of political consultants to run a smear campaign against skeptical local residents set Michigan's subsidies for Ford's Marshall battery plant apart from all the other terrible corporate welfare deals across the country," said Mozena in a statement accompanying the award announcement.

"It's one thing for politicians to use fuzzy math to throw massive amounts of public money at a giant corporation so they can take credit with voters for so-called 'job creation'; we see that all the time," Mozena added. "This award was nailed down for Michigan when a governor's

political cronies reportedly pushed out campaign-style mailers and robocalls against average, everyday people who dared to exercise their fundamental right to ask their elected officials for straight answers to questions that mattered to their community."

In the end, the \$3.5 billion project was put on pause during the UAW strike. After the strike ended, Ford announced a scaled-back version of the BlueOval Battery Park: a \$2.2 billion investment, with 1,700 jobs to be created rather than 2,500.

State officials insist that state incentives for the project will roll back in commensurate fashion. ■

*The original version of this story was posted online on December 4, 2023 and is available at [MichCapCon.com/31564](https://michcapcon.com/31564).*





Photo by Adobe Stock

## EV battery maker gets \$189M in corporate welfare, lays off 170 employees

*Mass layoffs come less than two years after incentive package*

BY JAMIE A. HOPE

LG Energy Solutions has announced plans to lay off 170 employees at its Holland plant. The news comes after Gov. Gretchen Whitmer announced in March 2022 the state's commitment to give up to \$189 million in corporate welfare to the electric vehicle battery maker. Whitmer touted the company's commitment to creating up to 1,200 jobs.

This week was not the first time the company announced layoffs after taxpayer money was awarded.

"Thanks to LGES' continued investment in our state – which spans more than a decade – Michigan's leadership role in battery manufacturing will only get stronger as the automotive industry moves toward an electric future," Whitmer said at the time.

The declaration is similar to a green energy campaign championed by former Gov. Jennifer Granholm. Her economic policies, now being mimicked by Whitmer, resulted in hundreds of millions of taxpayer dollars spent on jobs that were announced but never created.

LG Energy Solutions was created in 2020 through its parent company, LG Chem, which originally received subsidies during the Granholm administration's push for green energy.

LG Chem was touted by Granholm as a leader in the green energy movement that would help make Michigan the EV battery manufacturing capital of the world. CapCon previously reported that LG Chem was awarded \$250 million in federal and state subsidies in 2010, with projections to create 400 jobs.

The company created only 34 jobs by 2014 and had not produced a single battery. A federal audit revealed employees were being paid to watch movies and play cards. In time, though, the parent company recovered, and by 2018, or eight years after Granholm's announcement, it had created more than 400 jobs.

It is unclear whether LG Energy Solutions created any new jobs after Whitmer's March 2022 press release. The company did not respond to an email seeking comment. The governor's office did not respond to a request for comment.

James Hohman, director of fiscal policy

at the Mackinac Center, questioned the effectiveness of the strategy. A breakdown of the \$189 million corporate welfare package is below:

The Michigan Strategic Fund approved a package of incentives to support the company's new battery manufacturing facilities:

- A \$10 million Michigan Business Development Program performance-based grant for the creation of up to 1,200 jobs;
- A \$10 million Jobs Ready Michigan performance-based grant to assist with job-related training;
- A 20-year Renaissance Zone to the city of Holland, valued at an estimated \$132.6 million;
- Up to \$36.5 million in Community Development Block Grant funds to Allegan County to reimburse the company for the purchase of machinery and equipment, with an additional \$50,000 for grant administration.

"Michigan's economic fortunes do not rely on the governor writing big checks to the companies she likes," Hohman said. "The companies rarely live up to the job announcements made when they are awarded favors from the state."

Hohman criticized the lack of reporting from the Michigan Economic Development Corporation, the agency responsible for awarding taxpayer subsidies.

"You would think that when state officials hand out cash for jobs, they'd be forthcoming with important information about what people got in return," Hohman said.

Hohman said the public should know how many people are working at the facilities, how much taxpayers paid for the jobs, and whether the companies fulfill the projected employment numbers officials cited to justify taxpayer-funded subsidies. ■

*The original version of this story was posted online on November 18, 2023 and is available at [MichCapCon.com/31517](https://michcapcon.com/31517).*



## Auditor: 97% of Michigan's \$18B in COVID spending was federal money

*A single firm earned nearly \$149M producing commercials*

BY JAMES DAVID DICKSON

Nearly all of the money Michigan spent on pandemic response came from Uncle Sam, according to a new report from Michigan Auditor General Doug Ringler. Between March 2023 and June 30, 2023, federal funds accounted for 97% of Michigan's roughly \$18.108 billion in COVID-19 outlays.

In the early days of the pandemic, Gov. Gretchen Whitmer decried the lack of a national plan for responding to the virus. But while federal money accounts for \$17.630 billion of Michigan's COVID spending since March 2020, state funds only accounted for about \$463 million.

According to the audit, private COVID spending far outpaced local government spending, \$13.25 million to \$1.54 million for a ratio of nearly 9 to 1.

The state of Michigan paid a single firm, Brogan & Partners, about \$149 million for a public media campaign. This included the many commercials encouraging Michiganders to take the COVID-19 vaccine.

Brogan & Partners boss Ellyn Davidson was a donor to the campaigns of Whitmer and other Democrats, though at a minimal level. Brogan was Michigan's seventh-biggest line item during the pandemic, according to the audit. This month's audit is the sixth and final one regarding COVID spending. Brogan produced a 60-second commercial that premiered in April 2021 and features visitors to Detroit's Ford Field, one of the earliest hubs to receive the COVID vaccine, who explain why they took the jab.

According to the state's COVID dashboard, as of Nov. 20, roughly 63% of Michigan residents have taken at least one dose of a COVID vaccine and approximately 7% have taken all recommended doses. ■

*The original version of this story was posted online on November 21, 2023 and is available at [MichCapCon.com/31524](https://michcapcon.com/31524).*

## MEA head boasts of membership growth, but numbers tell a different story

*Among non-retirees, MEA membership is declining*

BY JAMIE A. HOPE

The Michigan Education Association announced a drop in 2023 membership numbers less than a month after union president Chandra Madafferri said membership is on the upswing.

"We have signed up more members this fall, year over year, than we have in the last five, six, seven years – a long time," Madafferri told The Detroit News in a Nov. 12 story. Madafferri took her post in July.

But a federal filing at the end of the month told a different story. The MEA currently has 78,817 non-retired/non-trainee members. It had 79,837 such members in 2022 — meaning the latest number is a 1,020 member decrease, according to the organization's LM-2, a mandatory report filed with the U.S. Office of Labor-Management Standards. The newly released membership numbers are among the lowest ever recorded.

The decline in membership over the past year has cost the

union around \$668,100 in dues, at \$655 per lost member.

The flight from the teachers union came even though teacher employment has spiked in Michigan. There were more teachers in 2022 and 2023 than in any year since 2008.

Michigan had 111,419 teachers in 2008. That number rose to 115,800 in 2022 and to 113,845 this year. The number of teachers employed by Michigan public schools has increased even though enrollment dropped from 1,645,742 students in 2008 to 1,437,279 this year.

The MEA had 117,265 members in 2012. Membership fell to 78,475 by 2020. The union did see a spike in 2020, with 83,344 members reported. That figure has since decreased by 4,527.

Madafferri did not respond to a request for comment. ■

*The original version of this story was posted online on December 13, 2023 and is available at [MichCapCon.com/31567](https://michcapcon.com/31567).*



Photo by Mackinac Center





## The missteps of the Michigan Legislature were many in 2023

*Forced unionization, pork, and corporate welfare are the story of first half of the 102nd Legislature*

BY JAMES M. HOHMAN

Mistakes were made by Michigan's Democratic trifecta in its first year holding all the gavels in Lansing.

Many of the policies it enacted don't do what their supporters say they do. Other legislation doesn't match what Democrats told voters they would do. There are gaps between word and deed.

Here are some of the biggest blunders made by Michigan lawmakers in the first year of the 102nd Legislature.

### **\$4.1 billion in corporate welfare**

Michigan voters may be confused about Democrats' relationship with big business. Voters will often hear them lament that big businesses don't pay their fair share of taxes. But voters should also notice that writing big checks to big business has been Michigan Democrats' highest priority.

Michigan lawmakers approved \$4.1 billion in business subsidies this year. That is the most in a year since the Granholm administration. Selective subsidies are ineffective at creating jobs, unfair to the businesses who don't get them and expensive to taxpayers. Yet the Democratic majority in both houses approved them gladly.

Politicians want headlines about companies opening new facilities and creating new jobs, and they authorize billions in corporate welfare to get those headlines.

But it's headlines that are being chased, not economic growth. Appearances trump substance too often in politics.

### **Forced unionization**

No one should have to pay a union as a condition of employment. But Michigan Democrats voted to ensure that unions get to collect money from the people covered by collective bargaining agreements, regardless of their members' volition.

In their explanations for the move, Democrats insisted that it supported workers' rights. How getting people fired for failing to pay political actors somehow supports workers' rights went unsaid.

The move violates basic American principles of voluntary association. It also hinders the state's economic prospects. States that force people to contribute to unions have lower employment and income growth. Michigan is already falling behind other states, and more forced unionization won't help.

### **Pension exemptions**

Michigan lawmakers eliminated the tax exemption for pensions in favor of a limited tax exemption for all types of incomes for seniors. Michigan Democrats reinstated a pension exemption, claiming that it will help seniors make ends meet.

"We have heard again and again from our seniors that their costs are too high and their incomes are too low," said Sen.

Kevin Hertel, D-St. Clair Shores.

Except that low-income seniors already had an exemption. And the pension exemption only applies to seniors earning one type of income: receipts from conventional pension systems.

All seniors already get a \$20,000 exemption for all types of income — \$40,000 for married couples — and their Social Security payments are exempt from state income taxes.

Democrats have now exempted pension income from the state income tax again. This only benefits households earning more than the previous exemptions and only those with pensions rather than 401(k) benefits or other retirement income.

It is tougher to defend preferences for pensions over other types of retirement income. Some Democrats insisted that it was about restoring a promise to seniors that they would have their incomes exempt from taxes after they already made decisions to retire. But the exemptions were phased in based on retirement age, meaning that older seniors saw no change. The new exemptions, on the other hand, would apply to all people, not just the people who were liable for state income taxes after they had already retired.

It didn't seem like there were many people even interested in defending the policy that Democrats enacted.

### **Taxpayer-funded school lunch**

Gov. Gretchen Whitmer said she ensured that no school child would go hungry with her budget, which covers the breakfast and lunch costs for public school students.

Except no one went hungry in Michigan schools before, either. Kids in households who need taxpayer-funded lunch get it. Limits for taxpayer support apply well into middle-class thresholds.

What lawmakers did was remove the income eligibility requirement, so taxpayers would pick up the costs for lunch of kids from households that can afford school lunches.

There is a lot in the budget that Michiganders should be concerned about, including its pork. Lawmakers also threw out teacher standards. And the roads are further from the point where they are fixed faster than they fall apart.

The bigger mistake, however, is that lawmakers' policies don't match their talking points. What Democrats said before taking power is different from what they have done with it. ■

*The original version of this story was posted online on November 26, 2023 and is available at [MichCapCon.com/31529](https://michcapcon.com/31529).*



## So you want to move to Michigan? Here's the reality

*\$20M marketing blitz won't mask Michigan's problems, but an engaged public can help*

BY JAMES DAVID DICKSON

The state of Michigan is spending \$20 million on a multiyear campaign, called “You Can in Michigan.” Between the new campaign and Gov. Gretchen Whitmer’s “Make It In Michigan” effort, the state is spending about \$60 million to tell Michigan’s story beyond its boundaries.

The sales pitch is simple: “Career opportunity, quality of life and affordability.”

It’s a nice thought, but it solves the wrong problem. The reason people leave Michigan, or do not move here, does not owe to bad marketing or to a lack of marketing. It owes to reality.

Between the roads, the electrical grid, and the schools — all poor — quality of life is a struggle in Michigan, not a reason to move here. Yes, it’s pretty. But what else?

Michigan is run as a 150-person club out of Lansing, not as a state of 10 million people. Lawmakers spend \$82 billion of the public’s money. A billion of that is on earmarks, pure pork, with only vague details about where the money is going, and at whose behest. Lawmakers frequently don’t have access to current information on bills, and the information available to the public is often months old.

If you want to move to Michigan and be an involved citizen, transparency is a battle you will fight, from local governments to the state government in Lansing.

We have a state government whose tentacles extend into every aspect of your life, either overriding local decision-makers or removing them from the process. Should your private school administer medical marijuana? Should a farmer be able to put wind turbines and

solar panels on their property? Under current leadership, the belief is that those decisions should be made in Lansing, not locally.

We have leaders for whom the saying “character is destiny” augurs poorly.

We have government officials who go to great lengths to cancel income tax cuts for the public. They then turn around to offer billions in corporate welfare to Michigan’s biggest companies. Our leaders believe the answer to every problem, even a state-created problem, is more bureaucracy.

We have a governor and attorney general who used the power of the administrative state to crush — or attempt to crush — barbers or restaurant owners who dared to earn a living during a pandemic. Not every business owner made it. Some people lost everything.

Come to Michigan, if Tim Allen’s voice

urges you. And you will find a state that needs help.

You will find children left behind by Zoom schooling. You will find workers left behind by the government-driven transition to electric vehicles. You will find good people stunned by the difference between the Michigan they grew up in and the Michigan they now occupy.

They’ll never leave, and they’ll always believe. They’re just not sure what to do next.

Come to Michigan. You can call it the Fresh Coast, even.

But when you do come, ask not what Michigan can do for you. Ask for a bucket, and start bailing water. ■

*The original version of this story was posted online on October 15, 2023 and is available at [MichCapCon.com/31421](https://michcapcon.com/31421).*

## Two Detroit museums net \$4M each in state budget

*Detroit museums awarded money from the state budget two years in a row*

BY JAMIE A. HOPE

Two Detroit museums will receive money from state taxpayers for at least the second year in a row. The Charles H. Wright Museum of African American History was granted \$4.5 million from the 2024 state budget. The Detroit Historical Society was awarded \$4 million.

The Wright Museum was awarded two separate grants from the 2024 budget. The budget provided a \$500,000 grant from the Department of Civil Rights. It is also included on a list of “Labor and Economic Opportunity” grants, slated to receive \$4 million.

“The Wright has and will be using these funds for capacity building and capital improvement projects that are considered essential to the Museum’s current and future operations and sustainability,” said Neil A. Barclay, president and chief executive officer of the museum.

CapCon reported on Nov. 25, 2022, that

the Wright Museum would receive \$6 million from the 2023 state budget. The museum’s Form 990, submitted to the Internal Revenue Service for 2021, shows it received \$17,558,201 in contributions and grants. Total revenue the same year was \$20,198,151, with \$12,269,244 remaining after expenses.

The Detroit Historical Society will receive \$4 million from the 2024 state budget. The museum was also granted \$6 million in the previous year’s budget. It received \$3,879,921 in grants and contributions for the fiscal year ending June 30, 2022, with \$4,585,280 in total revenue, according to a Form 990. After expenses, the historical society had a loss of \$329,010.

Historical society officials did not respond to a request for comment. ■

*The original version of this story was posted online on November 27, 2023 and is available at [MichCapCon.com/31525](https://michcapcon.com/31525).*



Photo by Adobe Stock

## Selective subsidies are a losing strategy for Michigan

*Corporate welfare does not fuel high-growth states and is not the answer for Michigan*

BY JAMES M. HOHMAN

Michigan is falling behind. Jobs nationwide are up 3.0% from pre-pandemic levels; Michigan has yet to recover all the jobs it lost in the pandemic. Its 0.7% decline is seventh-worst among states. The response from lawmakers was to spend billions on selective business subsidies. It won't work.

The states that have been growing the most are not the ones writing the biggest checks to the biggest companies. They are Idaho and Utah, the states that spend the least on selective business subsidies.

Handing out favors is no way to get ahead. The states leading the pack do the least of it.

In contrast, Utah and Idaho score highly on what matters: economic freedom. The Fraser Institute measures and ranks states based on their economic freedom, and it puts the two states in the top 10.

Utah and Idaho protect property rights, only have regulations where they protect the public, and keep taxes low. The formula works.

It works because basic rules affect

everyone, while favoritism is only granted to the few.

Most job creation happens without politicians getting involved. Michigan businesses added 214,600 jobs in the first three months of 2023 and lost 187,400 jobs over that period. Businesses created one job for every 18 that were in the state and lost one out of every 20 jobs.

The state's economic development agency issued press releases that it had awarded 18 businesses \$293 million in taxpayer money to create 4,200 jobs during the same period.

Job announcements are not the same thing as jobs — Ford Motor Co. already said it's scaling back a project that was part of the state's releases — and the state's record of turning announcements into employment is pretty bad.

Still, even if things went according to plan, administrators would not be able to replace 2% of the jobs lost in the economy.

Michigan is a leader in handing out special deals, but not at the scope necessary to make a dent in the state's job picture. Economic fundamentals matter, as demonstrated in the states growing the most.



Favors exist because politicians love job announcements. It makes it seem like they are doing something to create jobs.

Gov. Gretchen Whitmer adds a quote to all the press releases.

"Michigan is on the move, and we have an extraordinary opportunity right now to create thousands of good-paying manufacturing jobs and bring supply chains home," Whitmer said in one.

It makes it sound like handing out money to companies will help grow the economy.

But there is a difference between appearance and performance. In the ways that matter, Michigan continues to fall behind.

Corporate welfare has three basic problems.

First, it's an ineffective way to create jobs. Second, it's unfair to the businesses that don't get handouts. Third, it is expensive to taxpayers.

There are several possible reasons why selective favors are ineffective. Many companies that get cash could have done the same thing without deals from the state. And there are real costs to the handouts, money that could be put to productive

uses elsewhere.

Time and again, economists find that handing out favors is no way to drive the economic growth that politicians say they deliver with their deals. Michigan won't be "on the move" because Whitmer hands out subsidies to the right companies.

Businesses only ask for favors when they think they can get politicians to approve them. They're happy to play states off each other to get more from cash and tax breaks.

Instead of offering hundreds of millions to the next big company that asks for favors, lawmakers should be working across state borders to agree to stop handing out favors.

They can agree to an interstate compact to drop their favoritism, and such things have been introduced in the past, and there is a bill to do so in Michigan at present.

Michigan should trash its selective subsidy programs. It's a huge expense for a failing strategy. ■

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## Michigan lawmakers roll the dice on \$20M grant for Greektown

*Street redesign in downtown Detroit bags taxpayer cash*

BY JAMIE A. HOPE

The Greektown Neighborhood Partnership secured a \$20 million grant from the state's 2024 budget for local infrastructure improvements. The partnership became a nonprofit organization in 2014 with the purpose of "long-term economic and cultural vibrancy of Greektown," according to its 990 form for 2021.

Greektown is a popular commercial and entertainment destination in Detroit.

A casino there is one of the district's biggest attractions, generating \$331.7 million in revenue in 2022, according to Zippia. Lawmakers did not explain how they determined Greektown needs state taxpayer money for its local improvements.

Legislative leaders pledged to be more transparent this year in describing enhancement grants such as the \$20 million given to the Greektown partnership. A document from the House Fiscal Agency reported the grant was for an "Intermodal

road and revitalization project, Monroe Street redevelopment project." The money will be used to redesign Monroe Street.

"Lawmakers should have the public interest in mind rather than what benefits a legislator's constituents," said James Hohman, director of budget policy at the Mackinac Center.

"If they think that the state could use more streetscape projects," Hohman continued, "they ought to fund grant programs to identify the best projects for taxpayer funding." Lawmakers should not

use the political process to take money from everyone to serve their own desires, he added.

Greektown Neighborhood Partnership raised \$417,457 from grants and fundraising in 2022. The nonprofit reported \$243,963 in contributions in 2021.

The organization did not respond to an email seeking comment. ■

*The original version of this story was posted online on November 15, 2023 and is available at [MichCapCon.com/31497](https://michcapcon.com/31497).*



## Horse nonprofit gallops away with \$1M from taxpayers

*Legislative earmark for Detroit Horse Power is intended to build a Detroit equestrian center*

BY JAMIE A. HOPE

A horseback riding nonprofit will receive \$1 million in the 2024 Michigan budget in order to build an equestrian center in the city of Detroit.

Detroit Horse Power was founded in 2015 to teach Detroit students to ride and develop skills that will assist with their “academic, career, and life success,” according to its website.

The organization holds summer equestrian camps in suburban locations, teaching middle and high school students how to ride and care for horses. It plans to build a facility near Linwood Street and Fenkell Avenue in Detroit, according to the group’s Facebook page. Founder and CEO David Silver told CBS Detroit July 23 that the organization serves an average of 100 students each summer.

Detroit Horse Power has enjoyed increasing net revenue in recent years. It reported revenue of \$313,210 for 2019 and \$587,310 in 2020. That increased substantially in 2021, to \$1,075,890. The group hit its stride in 2022, with \$2,078,672, according to IRS Form 990s

available on GuideStar.org. It reported receiving \$800,000 in government grants in 2021.

Democrats in Michigan control the state House and Senate, as well as the governor’s office. Of the \$1.3 billion in district pork projects approved in the 2024 state budget, 90% went to districts represented by Democrats. The Citizens Research Council classified 65% of these as “eleventh-hour earmarks.” They did not appear in the Executive Budget, nor in either of the budget bills that passed the House and Senate.

Michigan’s \$81.7 billion 2024 budget spent most of the state’s \$9 billion surplus — an unsustainable spending rate, according to James Hohman, director of fiscal policy at the Mackinac Center for Public Policy.

CapCon went right to the source, but Detroit Horse Power did not respond to an email seeking comment. ■

*The original version of this story was posted online on September 20, 2023 and is available at [MichCapCon.com/31242](https://michcapcon.com/31242).*



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## Growing Michigan Together Council omits energy transition

*If Michigan’s energy transition is the path to prosperity, why doesn’t Whitmer’s advisory board say so?*

BY JAMIE A. HOPE

There is a glaring omission in the first draft of recommendations put forth by the Growing Michigan Together Council: energy.

“Our vision is to be a top-ten growth state by 2050,” the document begins. It depicts Michigan as a future climate haven. But nowhere in its 40 pages, first published by the news service MIRS, is the word “energy.”

It’s an odd choice. Gov. Gretchen Whitmer created and appointed members to the board.

This week, Whitmer signed into law a clean energy package that requires a 100% clean energy standard from Michigan’s large utilities by 2040.

Whitmer signed bills that strip local elected officials of their ability to zone out large wind and solar projects.

A year and a half before the clean energy plan was the law, it was a plan: the MI Healthy Climate Plan.

Listen for the dog that’s not barking, Michigan.

The state regularly blasts out its progressive bona fides on billboards in other states. Yet a board convened to grow Michigan’s population doesn’t mention the energy transition by name?

Perhaps “Move to Michigan, where appointees of the governor can fill the countryside with solar arrays, and the attorney general wants to shut down a pipeline” is too many words for a billboard.

In other areas, Whitmer’s plan and the board’s recommendations sync up perfectly.

“Build a lifelong education system” is strategy one of the plan, in a draft Nov.

28. On Dec. 1, the Michigan Department of Lifelong Education, Advancement, and Potential started work, by order of Whitmer. MiLEAP’s goal is education beyond K-12.

Michigan’s energy transition is not a plan for prosperity, except cleaner. It’s a new normal where the sources of Michigan’s energy are unreliable, matching distribution systems that are unreliable now.

There are days in Michigan when the sun does not shine and the wind does not blow. Using wind and solar to serve as the primary, not supplemental, means of generating electricity means bills will be bigger and service will be worse. Oh, and fallen trees will still knock out power in entire neighborhoods for a week.

Some of the money spent on solar panels and wind turbines could have been used to bury power lines. Instead, it was spent building the energy sources preferred by politicians. The people of Michigan may soon pay for those choices.

If Michigan gets to net zero carbon by 2050, the reward to Mother Earth is a 1/1,000th-of-a-degree drop in global temperature.

Nobody said it was cheap, saving the world. Or, apparently, effective.

When you hear of plans to reduce carbon, understand it to mean fewer jobs and less prosperity. That’s not a story that attracts newcomers.

And that’s why Whitmer’s advisory board remained silent on Michigan’s energy transition. ■

*The original version of this story was posted online on December 3, 2023 and is available at [MichCapCon.com/31562](https://michcapcon.com/31562).*



# Lansing treats taxpayer money like Publishers Clearing House

*Lawmakers bring home large, taxpayer-funded checks to their communities. Literally and figuratively.*

BY JAMIE A. HOPE

Michigan lawmakers are handing out large taxpayer-funded checks, literally and figuratively, handing over earmarks with public, Publishers Clearing House-style announcements. The checks are oversized in more ways than one.

State Sen. Jason Hoskins, D-Southfield, posted on X an image with Sen. Mary Cavanagh, D-Redford, announcing an award of \$1.75 million in taxpayer money to the city of Farmington.

Hoskins' post states that \$1 million will go to the Governor Warner Mansion and \$750,000 will be used for the local fire department to buy a new fire truck.

The sight of elected officials presenting

large checks as rewards at the expense of the taxpayer could not be a more symbolic illustration of the disconnect between lawmakers and the public they serve. Hoskins and Cavanagh were asked in an email how much it cost to create the large checks, and if they were paid for with taxpayer money. There was no response.

This is at least the second time Democrats have used this tactic when spending the people's money. Sen. Mallory McMorrow, D-Royal Oak, and Rep. Helena Scott, D-Detroit, donned their Ed McMahon personas to present a large check of \$500,000 for a Ferndale recreation center.

These gimmicks come at a time when people in Michigan are facing financial

hardship. Inflation and other economic factors have made it difficult for many to afford groceries, gas, energy, and housing.

While lawmakers present oversized checks to their counterparts in local government, Gov. Gretchen Whitmer is fighting to prevent a permanent income tax rollback that will permanently put more money in resident's pockets.

This sends a clear message to residents: Lansing needs more of their money to do favors for its friends.

Meanwhile, 13.4% of Michiganders are below the poverty line, according to the US Census.

Chances are, if you are struggling to make ends meet, you are not going to answer your door and be greeted by government

officials with balloons, confetti, and a large check. You would have to be a government entity or hand-picked corporation to get that treatment.

Taxpayers want to know that our government evaluates and spends our money wisely. Corporate welfare and large checks do not gain the confidence of the people.

Instead of handing taxpayer money giveaways, can we just get the tax cut we were promised in 2007 when the state raised our taxes to balance the budget?

We won't even ask for a large check. ■

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# Michigan lawmaker calls for homeschool registry

*Foster care is already regulated by the state*

BY JAMIE A. HOPE

Rep. Matt Koleszar, D-Plymouth, posted on X on Dec. 5 that homeschooled children in Michigan should be required to register with the state.

"Michigan is one of only 11 states that doesn't count or register homeschooled children, and abusive parents are taking advantage of that to avoid being found out," Koleszar wrote.

Koleszar's post came in response to a news story about children who were allegedly abused at the hands of their

foster and adoptive parents.

Michigan Attorney General Dana Nessel announced the charges of abuse against two sets of parents who had fostered and adopted up to 30 children, according to the Detroit Free Press. She noted in a post on X that the children are homeschooled.

If the state could not protect children once in its care from the parents it approved for adoption, how would a homeschool registry help uncover abuse?

Koleszar's assumption that registering homeschooled children will somehow prevent abuse is not supported by research.

Children who school at home may suffer less harm, including abuse, neglect, and fatalities, than their conventionally schooled counterparts, according to the National Home Education Research Center.

In Michigan public schools in 2022-23, there were 659 violent

crimes and 1,396 expulsions. The offenses included alcohol use, bombs, drugs, firearms, and physical violence resulting in injury, according to the website MI School Data.

Michigan students ranked fourth in the nation for chronic absenteeism, according to The Detroit News.

Detroit Public Schools reported a chronic absenteeism rate of 77% in the 2021-22 school year. Absenteeism decreased to 68% in 2022-23.

When it comes to academics, homeschooled students fare better than students under the state's oversight.

"Homeschooled children typically score 15 to 25 percentile points above public school students on standardized academic achievement tests," according to the National Home Education Research Institute. Black students score 23 to 42 percentile points higher than their public school counterparts.

Michigan's public school students fare worse than their counterparts in other states. Students in 40 states perform better on the National Assessment of Educational

Progress, known as the nation's report card, on the fourth-grade reading test, as previously reported by CapCon.

"Fewer than three out of ten students scored at or above proficient," Molly Macek, director of education policy at the Mackinac Center, told Michigan Capitol Confidential.

Homeschool students score above conventional school students on achievement tests regardless of their parent's educational background.

When comparing homeschooling to conventional schools, one cannot argue with the facts. Homeschool students are safer, score higher on standardized tests and have overall better academic outcomes than students who are under the watchful eye of the state.

Koleszar, the lawmaker who called for a registration requirement, did not respond to an emailed request for comment. ■

*The original version of this story was posted online on December 16, 2023 and is available at [MichCapCon.com/31583](https://michcapcon.com/31583).*



Photo by State of Michigan



# Public Service Commission ruling on the Line 5 Tunnel is a small pre-holiday win for Michiganders

*One bit of good news to balance the glut of Grinch-like energy news coming out of Lansing*

BY JASON HAYES

Gov. Gretchen Whitmer's extreme net-zero energy bills leave Michiganders with the dual specter of spiking electricity prices and impending electric grid instability.

On the heels of the governor's blackout bills becoming law, state regulators at the Michigan Public Service Commission appeared to get a jump on pushing prices higher as they approved a \$368.1 million rate increase for DTE customers. The optics of a rate hike falling a few days after the passage of the law, and a few weeks before Christmas, can't be ignored. The average household that is forced to rely on DTE for its electric service will soon see a \$6.51 monthly increase in its utility bill.

On a more positive note, state residents were thrown one pre-Christmas bone to go with these two Grinchy letdowns. In a separate ruling, the MPSC gave a green light to a much-needed state permit, partially clearing the way for Enbridge Energy to begin building the Line 5 Tunnel. Enbridge will need additional approvals from the state-level Mackinac Straits Corridor Authority and the U.S. Army Corps of Engineers before it can start work on the tunnel, which will improve the safety of a valuable pipeline.

"The Commission's order determined there is a public need for the replacement section of Line 5 and the products it carries," noted MPSC spokesperson Matt

Helms in an agency news release.

That order is a big win for people across Michigan as we are forced to look to Santa, prayer, or the Spirit of Christmas Present to bring us the weather we need if a wind/solar-reliant electric grid is to heat and warm our homes. A backup generator under the Christmas tree would be the right gift to protect Michigan families as the governor's homespun version of the Green New Deal hollows out the state's electric system. With the MPSC's ruling on the Line 5 Tunnel, the affordable fuels that Michigan residents need to power a backup generator and keep their Christmas tree lit are a little bit closer to reality.

The language in the MPSC's ruling also demonstrates the questionable thinking in a November 17 news release from Michigan Attorney General Dana Nessel. In that statement, Nessel lauded the release of an ostensibly "game-changing" report by the consulting firm PLG, which discussed the potential economic impacts of shutting down the Line 5 pipeline. "The key takeaway is that energy markets will adapt – as they have always done and continue to do – in the event that Line 5 is shut down," claimed the attorney general's office. "With advance notice, the markets can be expected to do so without supply shortages or price spikes."

But the MPSC ruling — signed by the governor's handpicked commissioners — directly contradicts the attorney



Photo by Shutterstock

general's claim that "Michigan does not need Line 5." While Nessel attempts to shrug off the potential for economic harm that would be caused by closing the pipeline, the MPSC recognizes a "public need" for the tunnel "and the products it carries."

The commission's order even mirrors past Mackinac Center statements when it points out that "without the pipeline's operation, suppliers would need to use higher-risk and costlier alternative fuel supply sources and transportation for Michigan customers, including those who use propane for home heating."

The consultants at PLG recommend exactly those options. Their report promotes increased waterborne deliveries and crude-by-rail shipments as "existing infrastructure" that could potentially offset all but 13% of Line 5's crude shipments. Previous Mackinac Center publications explained that "the Line 5 pipeline was built in 1953 to 'drastically reduce the amount of oil and

gas traveling on the Great Lakes' in tankers ..." In fact, "The state of Michigan asked Bechtel Corp. to build the pipeline since tankers have a higher rate of accidents than pipelines."

Michiganders have seen substantial energy setbacks this autumn. Rising electricity rates and the threat of Gov. Whitmer's green energy mandates have joined with rising inflation to cast a pall over holiday preparations. Rather than enjoying soothing, cozy nights by a fire with family, Michiganders face anxious days as increased utility bills and power outages loom ominously.

But we can take heart in one piece of good pre-holiday news: that government regulators may soon allow the state to retain one piece of essential energy infrastructure that supplies affordable fuel for backup generators. At least we have that one bit of holiday cheer. ■

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## Whitmer signs clean energy package; it will cost you

*By 2040, Michigan utilities will be forced to run mostly on solar panels and wind turbines*

BY JAMES DAVID DICKSON

Gov. Gretchen Whitmer's clean energy plan is now the law of the land in Michigan.

Michigan utilities will be forced to run on so-called clean energy, mostly wind and solar, by 2040. And appointees of the governor at the Michigan Public Service Commission — not elected officials in local communities — will have the final say on large-scale solar and wind projects.

"Estimates show that taking the state of Michigan to net-zero emissions by 2050 would only reduce global temperatures by approximately 1/1,000th of a degree Celsius by the year 2100," said Jason Hayes, the Mackinac Center's director of energy

and environmental policy. "Meanwhile, people can expect to pay an additional \$2,746 in energy costs each year just to experience more blackouts."

When Democrats took control of both the Michigan House and Senate in January, they embraced Whitmer's MI Healthy Climate Plan, which was introduced last year. With full control of the Legislature, they set out to codify the plan into law.

But they ran into a problem: Local communities, which sometimes reject big solar and wind developments. Without allowing Lansing to bypass local leaders, sponsors and supporters of the plan said, they'd never be able to reach the governor's clean energy goals.

Dan Scripps, chair of the Michigan Public Service Commission, painted Lansing control as a matter of necessity. Scripps said that one-half of one percent of Michigan's land would be needed to meet Whitmer's clean energy goals.

About 17,000 acres in Michigan are now covered by wind and solar infrastructure, Scripps said.

Scripps estimated that 209,000 acres of Michigan's land would be needed for solar and wind projects.

Michigan's energy transition will cost some people their jobs, lawmakers admit. To that end, Senate Bill 519, one of the bills Whitmer signed, will create a bureaucracy to address those job losses.



The Michigan labor department will now have a Community and Worker Economic Transition Office to manage the fallout.

The transition will displace workers in three fields of work, the bill expects: Auto, construction, and energy. ■

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## McMorrow admits EV transition is government-driven

*Senator says EV transition is good business, but admits the driver is government regulation*

BY JAMES DAVID DICKSON

The Michigan Senate in October approved a bill to create a MichiganWorks-style office for autoworkers, construction workers, and energy workers displaced by the transition to electric vehicles, solar power and wind power. Senate Bill 519 passed 20-18 on a party-line vote.

Supporters of the bill argue that the electric vehicle transition is market-driven. Critics note the role of government regulators in disfavoring the internal combustion engine. Various government programs give low-interest loans to EV battery projects, subsidize EV buyers, or underwrite charging resources.

Before the vote, senators debated on the Senate floor.

"Anybody who is trying to convince you that it is a mandated transition is lying," Sen. Mallory McMorrow, D-Royal Oak, said to close her speech.

But McMorrow started her remarks by admitting the role of governments in

the transition.

"The reality is that more than a dozen countries around the world, including the population of most industrialized nations, have already determined that they will be phasing out internal combustion vehicles within a few years," McMorrow said. "Maybe within the next five years, 10 years, 15 years, 20 years."

"If we do not position our state, our workers and our signature industry to respond to this transition that we are living in, we will get left behind," McMorrow added. "Because if every country has determined that they will no longer be allowing the sale of internal combustion engine vehicles, what prosperity exists if there are no customers left to sell your products to?"

McMorrow did not respond to a request for comment.

Jason Hayes, the Mackinac Center's director of energy and environmental policy, spotted a contradiction in McMorrow's speech.

"McMorrow's claims that the transition to EVs is market-driven are, at best, specious," Hayes told CapCon. "Auto manufacturers are openly admitting that EV demand is dropping rapidly. People just don't want them at any price."

"Ford dropped the price of its F-150 Lightning by \$10,000 in July and then slowed production of that vehicle in October. Mary Barra at GM stated in a third-quarter earnings call this week that lagging demand is forcing them to drop their targets to build 100,000 EVs in the second half of 2023 and 400,000 in the first half of next year. Media reports about the call indicated that GM can't predict when they'll hit those targets. Even Elon Musk has hinted that growing debt and inflationary pressures could impact Tesla sales."

The Senate Fiscal Agency analysis operates on the market-driven theory.

"The market is driving a transition away from energy like coal and cars with internal combustion engines to renewable

energies and electric vehicles," reads an analysis of the bill. "This creates an education and skills gap for workers in the energy and automotive industries. Some people believe that the state should have a plan to help workers and communities transition during this significant industrial shift, and so it has been suggested that the office develop a plan."

The bill singles out three industries as potential losers in the transition: energy, autos and construction.

If enacted into law, Senate Bill 519 would create the Community and Worker Economic Transition Office within the Michigan Department of Labor and Economic Opportunity.

The office would have to "develop a community and worker economic transition plan," due on Gov. Gretchen Whitmer's desk by Dec. 31, 2025, one year to the day before her last day in office. ■

*The original version of this story was posted online on October 27, 2023 and is available at [MichCapCon.com/31451](https://michcapcon.com/31451).*