The Campaign to Privatize Education, and What You Can Do to Fight Back

Greg Steimel
Christina Canfield

Michigan Education Association
What was needed ... was an outside operation that could provide timely information to Members of Congress from a principled perspective. “

To “supply witnesses for hearings and experts to privately brief senators and congressmen.”

With over 2,000 members, ALEC is the nation's largest nonpartisan, individual membership association of state legislators. ALEC is one of America's most dynamic public-private partnerships with nearly 300 corporate and private foundation members. ALEC provides its public and private sector members with a unique opportunity to work together to develop policies and programs that effectively promote the Jeffersonian principles of free markets, limited government, federalism, and individual liberty.

Involved with ALEC in its formative years:

Tommy Thompson of Wisconsin
John Engler of Michigan
Terry Branstad of Iowa
John Kasich of Ohio
ALEC brings lobbyists from 200 major corporations together with 1,810 conservative legislators. Model ALEC bills are introduced over 1,000 times every year.

Current Priorities

Blocking Action on Climate Change
Keystone Pipeline, End Renewable Energy Standards

Preempt State and Local Laws
Fracking, Paid Sick Days,

Neutering Unions
Right to Work, Prevailing Wage

Privatizing Public Schools
Virtual Schools, Vouchers
Commerce, Insurance and Economic Development Task Force
2012 Spring Task Force Summit
Friday, May 11, 2012
2:00 PM – 5:15 PM
Grand A
Tentative Agenda

1. Call to Order 2:00 PM
   Attendance
   Approval of Minutes
   Introduction of New Members
   Subcommittee Reports
   State Policy Network Updates

2. Presentations and Model Legislation 2:30 PM
   “Resolution Opposing Regulation Intruding on the States’ Traditional Role as the Primary Regulator of Homeowners Insurance”
   Mr. Emory Wilkerson, State Farm Insurance Company

   “The Occupational Licensing Relief and Job Creation Act”
   Mr. Lee McGrath, Institute for Justice

   “The Open and Fair Competition Act for Water and Wastewater Projects”
   Mr. Bruce Hollands, PVC Pipe Association

   “The Financial Accountability for Public Employee Unions Act”
   Mr. Paul Kersey, The Mackinac Center

   “The Election Accountability for Municipal Employees Act”
   Mr. Paul Kersey, The Mackinac Center

   “The Decertification Elections Act”
   Mr. Paul Kersey, The Mackinac Center
### Michigan Right to Work Act

**HB 4003 (Public Sector)**

1. **(3) Except as provided in Subsection (4), an individual shall not be required as a condition of obtaining or continuing public employment to do any of the following:**
   - **(A)** Refrain or resign from membership in, voluntary affiliation with, or voluntary financial support of a labor organization or bargaining representative.
   - **(B)** Become or remain a member of a labor organization or bargaining representative.
   - **(C)** Pay any dues, fees, assessments, or other charges or expenses of any kind or amount, or provide anything of value to a labor organization or bargaining representative.
   - **(D)** Pay to any charitable organization or third party any amount that is in lieu of, equivalent to, or any portion of dues, fees, assessments, or other charges or expenses required of members of or public employees represented by a labor organization or bargaining representative.

### ALEC Right to Work Act

**No person shall be required, as a condition of employment or continuation of employment:**

1. **(A)** to resign or refrain from voluntary membership in, voluntary affiliation with, or voluntary financial support of a labor organization;
2. **(B)** to become or remain a member of a labor organization;
3. **(C)** to pay any dues, fees, assessments, or other charges of any kind or amount to a labor organization;
4. **(D)** to pay to any charity or other third party, in lieu of such payments, any amount equivalent to or a pro-rata portion of dues, fees, assessments, or other charges regularly required of members of a labor organization;
At ALEC’s recent conference, I saw firsthand how these successes have emboldened them. State legislators were urged to push further for universal vouchers with no income or eligibility limits and for funding parity for unaccountable, independent charter schools.

The most far-reaching model bill the ALEC Education Taskforce adopted, Education Savings Accounts (ESAs), was pushed by AFC, and recently adopted in Nevada. Public monies are deposited into individual student accounts that parents may spend on any educational system.

ALEC and its members, including the American Federation for Children (AFC), have become more powerful than our citizens’ voices at the State Capitol. Despite massive...
Legislators and spending interests were positively giddy when the May revenue-estimating conference showed they would have more money than expected to spend. But a little-reported event in June should dash that feeling: Underfunded school pensions—constitutional promises of taxpayer dollars—grew far more than the state revenue increase.

In only the past five years, unfunded liabilities in the Michigan Public School Employees Retirement System more than doubled from $12 billion to $24.3 billion. That includes a $1.9 billion increase in the past year.

What’s driving this underfunding problem is no secret. The state’s investments have not performed as well as it assumed. The total amount of payroll in the system, another key funding assumption, has not grown according to state projections either.
Purpose

The **Mackinac Center for Public Policy** is a nonpartisan research and educational institute devoted to improving the quality of life for all Michigan citizens by promoting sound solutions to state and local policy questions. The Mackinac Center assists policy makers, scholars, business people, the media and the public by providing objective analysis of Michigan issues. The goal of all Center reports, commentaries and educational programs is to equip Michigan citizens and other decision makers to better evaluate policy options.
The Mackinac Center - History

Founded in 1987 with funding by the Cornerstone Foundation. Created by Dykema Gossett attorney Richard D. McLellan and located in the same building as the Dykema Gossett law firm, Cornerstone’s original board included:

- Richard McLellan
- John Engler
- D. Joseph Olson of Citizen’s (now Amerisure) Insurance

Fundraising activity was active from 1984 to 1991, with peak activity in 1987 when Cornerstone established the Mackinac Center. The insurance industry provided primary funding, amounting to $148,790 during this period.
# The Mackinac Center - History

## Past Board Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Title/Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard D. McLellan</td>
<td>Past Senior VP, Amerisure</td>
</tr>
<tr>
<td>Gail Torreano</td>
<td>Chief of Staff to Sen. Engler</td>
</tr>
<tr>
<td>Lawrence W. Reed</td>
<td>Past Mackinac Center President</td>
</tr>
<tr>
<td>John Riecker</td>
<td>Hillsdale College, Comerica Bank</td>
</tr>
<tr>
<td>Margaret Riecker</td>
<td>Republican National Committee, Dow Foundation</td>
</tr>
<tr>
<td>William Rosenberg</td>
<td>Bush Presidential Campaign, Reagan, Milliken, Engler administrations</td>
</tr>
<tr>
<td>Robert Teeter</td>
<td>RNC Chairman, Pollster for Nixon, Ford, Bush</td>
</tr>
<tr>
<td>Philip Van Dam</td>
<td>US Attorney under Ford</td>
</tr>
<tr>
<td>Gregory Kaza</td>
<td>Republican State Representative</td>
</tr>
<tr>
<td>Dick DeVos</td>
<td>Amway, Republican Candidate for Governor</td>
</tr>
<tr>
<td>Charles Van Eaton</td>
<td>Hillsdale College</td>
</tr>
<tr>
<td>Peter Cook</td>
<td>Great Lakes Mazda</td>
</tr>
<tr>
<td>Paul Gadola</td>
<td>Judge, Reagan Campaign Chair</td>
</tr>
</tbody>
</table>
The Mackinac Center - History

Three Funding Sources

- Individuals
- Corporations
- Non-profit Foundations
# The Mackinac Center - Funding

<table>
<thead>
<tr>
<th>Donor Name</th>
<th>Amount</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Dow Foundation, Herbert H. and Grace A.</td>
<td>$5,561,500</td>
<td>Dow Chemical founder widow</td>
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<td>Earhart Foundation</td>
<td>$2,604,600</td>
<td>White Star Oil heirs</td>
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<tr>
<td>Herrick Foundation</td>
<td>$2,450,000</td>
<td>Tecumseh Engines founder's son</td>
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<td>Dunn's Foundation for the Advancement of Right Thinking</td>
<td>$1,398,000</td>
<td>Investment company founder</td>
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<td>Bradley Foundation, Lynde and Harry</td>
<td>$1,175,000</td>
<td>Electronic and radio component heirs</td>
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<td>Rodney Fund</td>
<td>$744,500</td>
<td>Detroit Forming founder/Mackinac Board member</td>
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<td>Chrysler Foundation</td>
<td>$600,000</td>
<td>Automotive corporation</td>
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<td>Peters Foundation, Ruth and Lovett</td>
<td>$525,000</td>
<td>Procter &amp; Gamble heirs</td>
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<tr>
<td>Hume Foundation, Jaquelin</td>
<td>$560,000</td>
<td>Basic Vegetable company heir</td>
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<tr>
<td>Gerstacker Foundation, Rollin M.</td>
<td>$310,000</td>
<td>Dow Chemical Chairman (retired)</td>
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<tr>
<td>DeVos Foundation, Richard and Helen</td>
<td>$250,000</td>
<td>Amway founder</td>
</tr>
<tr>
<td>Merillat Foundation, Orville D. &amp; Ruth A</td>
<td>$245,000</td>
<td>Cabinet manufacturer founder's widow</td>
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<td>DeVos Foundation, Douglas &amp; Maria</td>
<td>$290,000</td>
<td>Current Alticor (Amway) Co-CEO</td>
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<td>DeVos Foundation, Dick &amp; Betsy</td>
<td>$250,000</td>
<td>Rep candidate for Gov./former State Rep. Chair</td>
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<tr>
<td>Roe Foundation</td>
<td>$180,000</td>
<td>Builder Marts of American founder</td>
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<tr>
<td>DeVos Foundation, Daniel and Pamella</td>
<td>$220,000</td>
<td>Amway founder son, CEO DP Fox Ventures</td>
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<tr>
<td>Prince Foundation, Edgar and Elsa</td>
<td>$150,000</td>
<td>Prince Automotive founder's widow</td>
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<tr>
<td>Chase Foundation of Virginia</td>
<td>$109,300</td>
<td>JP Morgan banking heirs</td>
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<tr>
<td>Walton Family Foundation</td>
<td>$100,000</td>
<td>Wal-Mart heirs</td>
</tr>
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<td>Strosacker Foundation, Charles J</td>
<td>$68,750</td>
<td>Dow Chemical Board member</td>
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<td>Donner Foundation, William H.</td>
<td>$70,000</td>
<td>Heirs of Union Steel Co. founder</td>
</tr>
<tr>
<td>Koch Charitable Foundation, Charles G.</td>
<td>$60,000</td>
<td>Oil corporation heirs</td>
</tr>
</tbody>
</table>
“We advocate the complete separation of education and state. Government schools lead to the indoctrination of children and interfere with the free choice of individuals. Government ownership, operation, regulation, and subsidy of schools and colleges should be ended.”

David Koch, Vice Presidential Candidate, Libertarian Party, 1980

The policy and political network led by billionaires Charles and David Koch plans to increase spending over the next two years, with officials telling donors on Saturday that their tab could soar to $400 million heading into the 2018 midterm elections.
April 20, 2011

Dear Mr. [Name]:

You and I have the best chance we’ve had in decades to turn Michigan around.

There are many elements to this part of our strategy. We’ll continue to support school choice and push new measures such as unlimited charter schools, a universal education tax credit, and virtual learning as ways to challenge and end the union monopoly on our classrooms.

We’ll also push for fundamentally challenging the state’s cozy relationships with unions in other ways... such as by repealing the state’s prevailing wage law, and supporting right-to-work legislation for public sector and private sector employees alike.
From: "McHugh, Jack" <McHugh@Mackinac.org>
To: TOM MCMILLIN <tom_mcmillin@sbcglobal.net>
Cc: "Van Beek, Michael" <VanBeek@mackinac.org>; "Hohman, James M." <Hohman@mackinac.org>; "Braun, Kenneth M." <Braun@mackinac.org>
Sent: Wed, June 1, 2011 11:29:22 AM
Subject: RE: MESSA is state's largest VEBA! (And beware OPEB "VEBA")

I personally think 20 percent is OK, because it changes the employee incentives (and we do believe in incentives!)

But a hard cap is OK too.

Our goal is outlaw government collective bargaining in Michigan, which in practical terms means no more MEA.

Do we care who runs the operation? Maybe, for this reason:

Do we care who runs the operation? Maybe, for this reason: the MEA devil with a gimmicked 80/20, the MEA devil with a gimmicked 80/20, the MEA devil with a gimmicked 80/20, which is seem to really like my ability to keep (and again, this is off the record - ok?)

I'm reminded of our calls to eliminate ISDs (and Ruth's work to expose them): The legislature keeps giving them more things to do, making it ever more difficult to abolish them.

Email exchange between Mackinac Center staffers and House Education Committee Chair Tom McMillin
Reconsidering Michigan’s Public Employment Relations Act

Michigan’s Public Employment Relations Act requires local governments and school districts throughout Michigan to bargain collectively with unions representing their employees. Because PERA undermines the rule of law and burdens taxpayers with unsustainable costs, the Legislature should address its damaging impact, preferably by eliminating PERA.
What is consultation?

Because collective bargaining is illegal for public school employees, many districts have a consultation policy that allows a school board to "meet and confer" with educators about educational policy and employment conditions. This is different than collective bargaining and therefore legal because employees' input is considered advisory; there is no binding legal contract and the school boards make any final decisions.
Genoa resident one of the founders of Mackinac Center

Four heavy hitters in Michigan politics launched what would become one of Michigan’s most influential think tanks over dinner.

Joe Olson, a retired Amerisure Insurance senior vice president who lives in Genoa Township, remembers exactly how that meeting was arranged.

"The majority leader wants you and (Tom) Hoeg at the City Club at 6 p.m," Olson recalled attorney Richard McLellan telling him by telephone.

In 1986, John Engler, then majority leader of the state Legislature and later governor, summoned attorney Richard McLellan and the state’s two top insurance lobbyists, Olson and Hoeg, to the private club in Lansing.

The four men laid the groundwork to create a think tank focused on spreading free-market ideas. It would become the Mackinac Center for Public Policy.

These days, Olson spends his time reading and remains committed to a freemarket. He doesn’t believe government should be involved in education or assisting businesses, although he admitted it wouldn’t be possible to get rid of current public education system.
Dr. Gary L. Wolfram

Dr. Gary L. Wolfram, an adjunct scholar at the Mackinac Center for Public Policy, is the George Munson Professor of political economy at Hillsdale College in Hillsdale, Michigan, and president of the Hillsdale Policy Group, a

MIRS-Wolfram: Privatize All Schools

Hillsdale College Professor Gary WOLFRAM -- who had a hand in writing Proposal A, the transformative school funding reform of the 1990s -- said last week he would turn the entire public education system over to private companies.

"Public schools should be privatized," Wolfram said on the Off the Record broadcast set for this Friday. He said if you allow the for-profit entities to run the schools, the marketplace would weed out the bad schools and reward those that produce better students.
Perhaps more than at any time in their nation's history, Americans today are frustrated with the poor performance, increasing expense, and lack of improvement in their government-run public schools. The education is a top voter concern during election seasons. Surveys show that large majorities of parents—regardless of their political beliefs—support the idea of choosing schools for their children. Under this plan, current government-run schools also would be converted to privately run schools.
Tensions rise as vouchers pick up traction across Wisconsin

Erin Richards, Milwaukee Journal Sentinel  Published 10:37 p.m. CT March 21, 2017

Vouchers allow qualifying children to attend private and religious schools with taxpayer-funded subsidies.

When Superintendent Sue Kaphingst moved to Chilton less than a year ago, she marveled at how the northeastern Wisconsin community rallied around its local school district.
Got Literacy?

In order to draw attention to Michigan's literacy crisis, the Great Lakes Education Project launched a campaign called "Got Literacy?"

More than 35 states—but not Michigan—have policies in statute aimed at improving 3rd-grade reading proficiency. Learn more: glcp.org/got_literacy

Welcome back! Hope you had a good break.

EAA

3rd Grade Reading Bill

A – F Rating System
Education Secretary Betsy DeVos on School Choice, Vouchers and Religion

“What the Trump administration might do is to propose education savings accounts for families. They could use these to attend regular public school, private school or charter school. This type of program ... has passed legal muster in many states. I think we might see that as Trump administration’s way of providing parental support,” he said.
Close all defined-benefit pension plans to new employees (ALEC)

Grant government employees the right to vote on their union representation every two years (ALEC)
Every local unit must be recertified every 2 years.

Worker’s Choice: Allow workers who opt out of unions to represent themselves
Ban exclusive representation clauses.

Eliminate union release time (ALEC)

Fix the state’s school ranking system
A to F system

Create transportation voucher pilot program
Pay for transportation to charter schools, starting in Detroit.

Punish school districts that violate state law
5% funding cut for prohibited bargaining, not using merit pay, “ignoring right-to-work” and making payroll dues deductions.
The Koch-funded ALEC’s 2017 legislative agenda includes:

- weakening public employee unions, repealing prevailing wage laws and more; pushing so-called Right to Work laws
- peddling the new voucher construct: Education Saving Accounts. Pushing for bonding authority for charters and less oversight + assessment choice and making it easier for individual parents to challenge public school systems over instructional materials
- more focus on teachers and unions “transparency” and a new initiative to cast secrecy about donors as privacy and First Amendment freedom plus anti-divestment effort
- effort to pitch selling off of federal lands as way to fund early childhood education; supporting federal efforts to limit EPA powers
- empowering telecom companies over municipalities regarding broadband deployment
- tax and budget cuts, including “Tax Expenditure Limit” and repeal of personal property tax
- limiting tort law, including discovery reform
- Renewed focus on Endangered Species Act and renewable energy
- BBA/Constitutional Convention 28/34; repeal of direct election of senators

PLUS PREEMPTION and another initiative would give the regulatory standards of cities and towns preference over those created by federal agencies, like the EPA.
What You Can Do

Michigan Online Schools Compared to Public Schools

Way Michigan
Regents
Michigan Great Lakes Virtual
LifeTech
Insight School
Icademy Global
K-12, Inc.
Connections Academy
State Average

Graduation Rate

Dropout Rate

Source: michooldata.org
4-Year (2016 Graduation Cohort) / All Students
Making Vouchers Sound Mainstream

- If it can severely weaken the MEA, its corporate funders can move on to privatize (monetize) the public schools, through many more privately run charter schools, private online cyber schools, and vouchers.
What You Can Do

Monitor Newspapers and Submit Responses

Steimel, Gregory
From: Steimel, Gregory
Sent: Wednesday, July 23, 2008 10:12 AM
To: markf@mbusinessreview.com
Subject: Lehman to succeed Reed as Mackinac Center president

Mark:

I thought your story was unusual in its enlightened references to the Mackinac Center and the Center's subjective approach to research and advocacy. Reading the 990's is really unusual.

But the real mystery is who pays for all this? There's no way to discover which corporations provide funding, but it is possible to find the conservative foundations that fund the Center. To do this you have to guess which foundations would see a benefit and read their 990. Which was a lot of work.

Mackinac Center Non-Profit Funders
2002-2006

<table>
<thead>
<tr>
<th>Foundation</th>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bradley Foundation, Lynde and Harry, WI</td>
<td>$347,500</td>
<td>Electronic and radio component heirs</td>
</tr>
<tr>
<td>Castle Rock Foundation, CO</td>
<td>$50,000</td>
<td>Coors founder son, leading Republican contributor</td>
</tr>
<tr>
<td>Chase Foundation of Virginia, VA</td>
<td>$44,150</td>
<td>JP Morgan banking heirs</td>
</tr>
<tr>
<td>DaimlerChrysler Corporation Fund, MI</td>
<td>$150,000</td>
<td>Automotive corporation</td>
</tr>
<tr>
<td>DeVos Foundation, Dick &amp; Betsy, MI</td>
<td>$40,000</td>
<td>Rep candidate for Governor/State Rep. Chair</td>
</tr>
<tr>
<td>Eastwood Foundation, MI</td>
<td>$35,000</td>
<td>Michigan Democrat, former Senate Majority Leader</td>
</tr>
<tr>
<td>Schiavone Family Foundation, NJ</td>
<td>$10,000</td>
<td>Construction company owned by Reagan Labor Secretary Richard Donovan</td>
</tr>
<tr>
<td>Strohocker Foundation, Charles J, MI</td>
<td>$68,750</td>
<td>Dow Chemical Board member</td>
</tr>
<tr>
<td>Van Andel Foundation, Jay and Betty, MI</td>
<td>$20,000</td>
<td>Amway founder widow</td>
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<tr>
<td>Walton Family Foundation, AR</td>
<td>$100,000</td>
<td>Wal Mart heirs</td>
</tr>
</tbody>
</table>

This only accounts for about third of their revenues. So far, there's no way I know of to find out which corporations pay the rest of the toll.

This is from a study I wrote called "The Truth About the Mackinac Center" which can be had here:
http://www.mea.org/privatization/

Greg Steimel
MEA Research
What You Can Do

Monitor The Mackinac Center Facebook Page
What You Can Do

To get text messages regarding "Politics in Education" - "for information as it happens" do the following to subscribe:

1. Send a text message to "40404"
2. and in the message box write "Follow DrMichelson".

Twitter Account: @DrMichelson
In this update:

- Summary
- MASA/MASB Legislative Conference is May 2
- ESSA Plan Formally Submitted
- House Education Hears Testimony on Charter Admissions
- Deed Restriction Debated
- Substitute Teacher Bills Debated in Committee

Summary

Welcome back! We are now firmly in the second quarter of the first year of the legislative session, and it's been a busy one. As of yesterday, there are 100 pieces of education legislation that MASA is monitoring ranging from front-page initiatives to legislative effect, another 251 in various stages, and more than 200 new initiatives in the pipeline. It's an important time, and we're committed to keeping you informed.
Welcome

The Michigan Association of School Boards is a voluntary, non-profit association of local and intermediate boards of education located throughout the State of Michigan. Our membership represents nearly all public school districts in the state.

Today, MASB is recognized as a major voice influencing education issues at the state level. Through its federation with the National School Boards Association, MASB and its members also have an impact at the national level.

Our Mission:

To provide quality educational leadership services to all Michigan boards of education, and to advocate for student achievement and public education.

News From the Capitol

The Government Relations Team’s weekly newsletter on what’s happening in the Legislature.

News From the Capitol, Apr 21, 2017
Michigan Association of School Boards

House Committee Considers Legislation Aimed at Substitute Teacher Shortage

News From the Capitol, Mar 31, 2017
Michigan Association of School Boards

MASB Testifies on Popularly Electing ISD Board Members

News From the Capitol, Mar 24, 2017
Michigan Association of School Boards

IN THE SPOTLIGHT

REGISTER TODAY! Annual MASA/MASB Legislative Conference will be held at the Radisson Hotel in Lansing on May 2, 2017.

Did you miss the Views From the Capitol webinar on Jan 20? It is now available and covers the Governor’s State of the State Address, the Betsy DeVos hearing for education secretary and recently introduced legislation.

Read the latest News From the Capitol.

Watch Exec Dir Don Wotruba’s webinar on the Education Finance Study with guest Craig Thiel of the Citizens Research Council.

Become an E-Vocate

For updates on what’s happening at the Capitol and calls to action, simply submit your email address.

JOIN! 🌟

Find Your Elected Officials

Not sure who represents you in Lansing? Enter your ZIP code to find out.

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Form Legislative Action Teams: School Administrators, School Board members, school staff and parents
What You Can Do

Talk
Vote
Stick with your union
End