

Greg Steimel

MEA Research

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Foreword

The Mackinac Center for Policy Research is the largest conservative state-level policy think tank in the nation. It was established by the state's leading conservative activists to promote conservative free market, pro-business policies. Reflected by its board of directors and those funding its operations, the Center works to advance its policy objectives primarily though its publications, but has an increasing physical presence throughout the state. Its research routinely reaches conservative conclusions. The Mackinac Center has moved beyond Michigan by hosting think tank schools that have lead to the franchising of its operations in nearly every state and 37 other countries.

Establishment

Founded in 1987, the Mackinac Center was created with funding by the little-known 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 McLellan, then-Senator John Engler, and D. Joseph Olson then General Council for Amerisure Insurance. Fundraising activity was active from 1984 to 1991, with peak activity in 1987 when Cornerstone established the Mackinac Center. The insurance industry (primarily Citizen's) provided initial funding, amounting to \$306,382 during this period. Various officials of Dow Cornering and Dow Chemical paid \$335,986.

Its creation was driven by the insurance industry's call for product liability reform, its interest in the Accident Fund, and by Dow Corning's concern over silicone breast implant liability.

According to documents filed by the Center with the federal government, its activities are tax exempt because it is:

Conducting policy research on matters affecting Michigan residents and proposing approaches to public policy issues consistent with the traditional American values of free-markets, limited government, and respect for private property...²

In order to retain this tax exempt status, the Center states that it has not:

... attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum.³.

The Mackinac Center is part of the State Policy Network (SPN), a network of state-based think tanks patterned after the Heritage Foundation. Mackinac Center President

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¹ Behind John Engler: The Big Mac Attack, Guyette, Detroit Metro Times, 1996

² IRS Form 990 (2005), p. 3

³ IRS Form 990 (2005), Schedule A, p. 2



Lawrence Reed serves on the SPN Board of Directors. The SPN web site, in a section devoted to forming new conservative think tanks, offers a lobbying handbook:



Mission

The Mackinac Center describes itself in this way:

"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."

While it promotes itself as a research and educational institute, its 'research' accepts several controversial opinions as fact: school choice improves schools, right to work laws help workers, etc.. As its president, Joe Lehman said:

MEA Research Page 3 Greg Steimel

⁴ About the Mackinac Center, retrieved July 21, 2008, from www.mackinac.org/ article.aspx?ID=1662



"We will continue to show how to fix Michigan's fundamentals by expanding school choice, modernizing labor laws, aligning state spending to its core priorities, protecting property rights, repealing counterproductive regulations and ending economic development programs..." ⁵

Mackinac Center Board of Directors

The Mackinac Center's Board of Directors reflect its conservative Republican roots. Among the past and present board members are:

Richard D. McLellan Dykema Gossett

Joseph Lehman MC President, formerly Dow Chemical, Cato Institute D. Joseph Olson Senior VP and General Counsel, Amerisure Companies

Gail Torreano Chief of Staff to Sen. Engler
Lawrence W. Reed Past Mackinac Center President
John Riecker Hillsdale College and Comerica Bank

Margaret Riecker Republican National Committee, Dow Foundation

William Rosenberg Bush Presidential Campaign, Reagan, Milliken and Engler

administrations

Robert Teeter RNC Chairman, Pollster for Nixon, Ford, Bush campaign

Philip Van Dam US Attorney under Ford

Gregory Kaza Former Republican State Representative
Dick DeVos Amway, Republican Candidate for Governor

Charles Van Eaton Hillsdale College

Peter Cook Great Lakes Mazda, major Republican campaign donor Paul Gadola Judge, Reagan Campaign Chair, Federalist Society

Dick Antonini Foremost Insurance

Funding

The Mackinac Center has always refused to disclose who pays for its operations. When asked by Detroit's Metro Times in 1996, the Center's President Lawrence Reed said: "Our funding sources are primarily foundations ... with the rest coming from corporations and individuals," but that "... revealing our contributors would be a tremendous diversion..."

In 2006 the Center's revenues totaled \$2,711,545. Its funding has grown substantially over the years, from just over \$1.7 million in 1998. Its 2005 payroll reached \$1,790,963, with a staff of 40 people.

MEA Research Page 4 Greg Steimel

⁵ Reed to Become President Emeritus of Mackinac Center; Board Unanimously Names Lehman Successor, News Release, July 21, 2008



Mackinac Center Non-Profit Funders 2002-2006

Bradley Foundation, Lynde and Harry, WI	\$347,500	Electronic and radio component heirs	
Castle Rock Foundation, CO	\$50,000	Coors founder son, leading Republican contributor	
Chase Foundation of Virginia, VA	\$44,150	JP Morgan banking heirs	
DaimlerChrysler Corporation Fund, MI	\$150,000	Automotive corporation	
DeVos Foundation, Dick & Betsy, MI	\$40,000	Rep candidate for Governor/ State Rep. Chair	
DeVos Foundation, Richard and Helen, MI	\$55,000	Amway founder	
Dow Foundation, Herbert H. and Grace A., MI	\$2,055,500	Dow Chemical founder widow	
Dunn's Foundation for the Advancement of Right			
Thinking, FL	\$576,000	Investment company founder	
Earhart Foundation, MI	\$333,300	White Star Oil heirs	
ExxonMobil Foundation, TX	\$10,000	Oil corporation	
General Motors Foundation, Inc., MI	\$30,000	Automotive corporation	
Gerstacker Foundation, Rollin M., MI	\$70,000	Dow Chemical Chairman (retired)	
Hanover Insurance Group Foundation, Inc., MA	\$5,500	Insurance corporation, which includes Citizens	
Hansen Foundation, Robert and Marie, AZ	\$25,000	Cogen Technologies founder (energy cogeneration)	
Heritage Mark Foundation, MI	\$7,000	Christian causes, emphasis on evangelism	
Herrick Foundation, MI	\$900,000	Tecumseh Engines founder's grandson	
Hickory Foundation, NJ	\$40,000	Investment company founder's former wife	
Hume Foundation, Jaquelin, CA	\$375,000	Basic Vegetable company heir	
JM Foundation, NY	\$45,000	Borden Milk Company heirs	
Kelly Services, Inc. Foundation, MI	\$2,500	Staffing corporation	
Koch Charitable Foundation, Charles G., KS	\$10,000	Oil corporation heirs	
Merillat Foundation, Orville D. & Ruth A., MI	\$195,000	Cabinet manufacturer founder's widow	
Perrigo Company Charitable Foundation, MI	\$36,000	Over-the-counter drug manufacturer	
Peters Foundation, Ruth and Lovett, OH	\$525,000	Procter & Gamble heirs	
Pope Foundation, John William, NC	\$3,000	Variety Wholesalers retail chain founder	
Prince Foundation, Edgar and Elsa, MI	\$125,000	Prince Automotive founder's widow	
Rodney Fund, MI	\$744,500	Detroit Forming founder/Mackinac Board member	
Roe Foundation, SC	\$150,000	Builder Marts of American founder	
Sarah Scaife Foundation, PA	\$50,000	Mellon industrial, oil and banking heirs	
Schiavone Family Foundation, NJ	\$10,000	Construction company owned by Reagan Labor Secretary Richard Donovan	
Strosacker Foundation, Charles J, MI	\$68,750	Dow Chemical Board member	
Van Andel Foundation, Jay and Betty, MI	\$20,000	Amway founder widow	
Walton Family Foundation, AR	\$100,000	Wall Mart heirs	

These contributions total \$7,198,700; the remaining revenue for this period (about \$14.5 million) was biased by entities that are not required to file statements with the federal government: individuals and corporations. Refusing to release corporate financing sources prevents outsiders from drawing connections between the business of these corporations and the research conclusions and opinions the Center reaches. (See discussion of corporate financing at the end of 'Expansion', page 13, of this study.)



In *Strategic Grantmaking, Foundations and the School Privatization Movement*, Richard Cohen estimates that one-half to two-thirds of all corporate grantmaking is: "made through the CEO's office or the marketing department, for which there is no public disclosure requirement." ⁶

Staff Compensation

Those working for the Mackinac Center are well compensated. The chart below lists the 2005 and 2006 total compensation for officers and highest paid five employees, including benefits contribution and expense accounts:

		2005	2006
Lawrence Reed	President	\$168,452	\$148,206
Joseph Lehman	Executive VP	\$116,559	\$129,594
Kendra Shrode	Assistant to VP		\$65,251
Thomas W. Washburne	Director		\$125,385
Thomas A. Schull	Senior Editor (formerly Detroit News Editorial Board)	\$100,959	\$100,385
Patrick J. Wright	Sr. Analyst		\$100,385
Diane S. Katz	Director science, environment and technology (formerly Detroit News Editorial Board)	\$101,316	\$99,943
Russell Harding	Senior Environmental Policy Analyst (former Engler DEQ Director)	\$94,851	\$99,884
John E. Coonradt	VP Advancement (fundraising)	\$104,380	\$12,534
Christopher Bachelder	Director Advancement (fundraising)	\$87,059	
Stephen Frick	Manager of Information Systems	\$72,059	

Source: Mackinac Center IRS 990, 2005, 06

Programs

The Mackinac Center serves its mission in many ways, primarily by spreading its free-market message in as many forms as possible. This message is consistently expressed through its publications that serve both the business interests of its corporate sponsors as well as the philosophical goals of its conservative foundation backers.

Privatization

Privatization, long one of the Mackinac Center's favorite causes, continues to be its central issue. The original project funded by the Cornerstone Foundation was a 1987 study entitled "The Michigan Accident Fund: A Need for Privatization."

⁶ Strategic Grantmaking, Foundations and the School Privatization Movement, The National Committee for Responsive Philanthropy, 2007, p. 18



The following year the Accident Fund, a state agency selling workers' compensation coverage to businesses, contributed \$5,000 to the Mackinac Center. The Accident Fund was sold in 1994. Dykema Gossett was awarded a \$250,000 contract to guide the privatization of the fund.

Since then the Center's attention has shifted to the privatization of the two most unionized sectors of state government: state employees and public schools. It publishes *A School Privatization Primer*, which includes sample RFPs, lists of privateer companies, and privatization campaign strategies.

It suggests that school boards may want to "... work behind the scenes long before they announce their intentions to contract a particular service." It describes one such successful campaign:

In the Berrien County Intermediate School District, one official quietly issued a formal RFP and received proposals from vendors before the union that represented the area's school transportation employees knew the process had begun. The result was that the ISD board held only two meetings packed with angry employees, their families and friends, instead of nine or 10 meetings, as has been the case elsewhere.

Over the years, the Center has actively advocated school vouchers and the privatization of Amtrak, the state's prisons facilities and the University of Michigan. It responded to the tuition increase that would result: "Tuition hikes could actually help those students who truly need help — by enabling the school to offer greater outright gift aid and tuition reductions to students from low-income families, as is often the practice at private universities" (Privatize the University of Michigan, Viewpoint on Public Issues, March 1, 2004)

Labor Activism

The Mackinac Center also has focused its attention on labor issues. Robert P. Hunter, a Reagan NLRB appointee, serves as the Center's Senior Fellow in Labor Policy. Also a former Republican Senate staff member and Washington, D.C. lawyer, Hunter now directs policy on collective bargaining, labor relations, workers' rights, workplace violence, and occupational safety issues. Soon after joining the Mackinac Center, Governor Engler appointed Hunter to the Michigan Civil Service Commission.



In the fall of 1998, Hunter, representing himself as the agent of dissatisfied employees, signed and submitted a decertification petition for the Branch County ISD Head Start staffers. The MEA response summarized the gains the local had made since voting to certify the union in 1994 and provided the employees with a study published in 1993 by the Mackinac Center that recommended the end of all Head Start programs in Michigan. In the resulting decertification election,



the union prevailed 30-16, a larger margin than the original vote to unionize.

The Center's Labor Policy Initiative professes to "offer advice and assistance to policy makers, school board members, school administrators and individual teachers as they try to work within a system of labor management designed for industry in the mid-1930's." The Center publishes *A Collective Bargaining Primer*, which informs readers that:

Unions do not necessarily represent the best interests of their rank-and-file members, nor do they act according to the wishes of their members.

While unions may, at some level, care about the education of children, board members should remind themselves that the union representatives engaged in negotiating are paid professionals ... the board should consider hiring a professional negotiator if finances permit.

...collective bargaining seldom has much to do with quality education. That may have been the case in the earlier days of collective bargaining, but today it has evolved into primarily what is best for the union and to a slightly lesser degree, the employee.

...collective bargaining is poorly suited for educational institutions and works to the detriment of students and teachers alike.

The Center has also made a continual pursuit of initiatives to limit union political spending and to attack mandatory union membership policies.

Other Publications

Much of the Mackinac Center's success is due to its public relations savvy. Its president, Lawrence W. Reed, a former college economics professor, has alone authored or contributed to more than 800 newspaper columns and articles in the last 10 years. The subject is nearly always anti-union:

To regain some of its economic health, Michigan needs to attract different industries, such as alternative fuel production, health care and tourism. But right-to-work proponents say the strong union presence keeps new industry away. A weaker union base would help attract more businesses, they argue.

"We've got to do something bold, something dramatic," says Lawrence Reed, president of the Mackinac Center for Public Policy, a conservative think tank in Michigan that promotes business interests. "This is the one best thing that can break the perception around the country that Michigan doesn't have a friendly work environment. Nothing would do that better than a right-towork initiative."

More often than not, its anti-union target is the MEA. In fact, "Michigan Education Association" or "MEA" appears 3,850 times on the Mackinac.org site.

The Michigan Education Report, which downplays its Mackinac Center roots, is reportedly mailed to every public school teacher in the state, although the Center admits

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⁷ Unions try to hang on as open-shop laws gain ground, USA Today, July 25, 2007



it has only 10,000 "subscription requests." It routinely includes stories critical of unions in general and the MEA in particular.

Although it is written with a less slanted tone than other Mackinac Center publications, its choice of subject matter serves the Center's objectives. Articles in the Summer 2007 edition included:

Howell schools aren't alone in debate over values in the classroom

School vouchers in the news

Union voted out at American Indian school; staff policies under review

Hazel Park Schools saved a program for atrisk 4-year-olds by hiring nonunion teachers at a lower cost

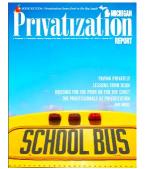
The Detroit Federation of Teachers owes about \$2 million



The Michigan Privatization Report is published quarterly and promotes the cause with little coverage of privatization failures.

In the July 2007 issue, the author writes: "Further proof that the teacher unions in Michigan — and their lackeys in the Legislature — have little concern for anyone but

their members comes to us from legislation introduced by state Sen. Michael Prusi."



The article goes on to say: "He wants the practice to be illegal and has introduced a bill to repeal the law that gives districts the freedom to find the best price available for noninstructional support services."

The bill actually would allow unions to bargain privatization; it would not make privatization illegal. (SB 424 (2007), page 3)

The article then carefully walks the line between political advocacy and lobbying:

Instead of looking at ways to reform the system to make it more efficient and ensure that limited dollars actually go into the classroom, they've [the bill sponsors] decided it's better to continue supporting outdated and exorbitant pension and benefit systems.

It then lists the Democratic sponsors of the bill and says:



Voters ought to take note of these 10 names. In taking away from school boards the ability to manage their district's tax dollars as they best see fit, these legislators would guarantee tax increases in perpetuity to pay the inordinate costs that would come from a ban on privatization.

The Center's not-for-profit status requires that it not "attempt to influence public opinion on a legislative matter or referendum." The Center is free to take political stands:

Rudy Giuliani was by all accounts, from friend and foe, an extraordinary mayor. He set about to fix a nearly dysfunctional city and succeeded by pursuing what made good management sense. Privatization was a core component of his strategy. That doesn't necessarily mean that he'd make a good president, but saving a major city is a qualification most candidates can only envy. (*Privatization Bears Fruit in the Big Apple*, A Book Review by Lawrence W. Reed, Michigan Privatization Report, July 2007)

High School Debate Workshops

The Mackinac Center offers a high school debate team seminar program, in association with Seattle-based E Pluribus Unum Films and its Economic Thinking program. Economic Thinking runs debate programs, including debate preparation workshops, around the country. Its mission statement states that it intends "... to inspire students to explore the dynamics of a market economy through understanding the central role of economic freedom, property rights, and the rule of law..." It goes on to say: "The core of Economic Thinking is developing connections between free market groups and high school and home school students..."

An E Pluribus Unum Films program *Education in America: A Public Right Gone Wrong* aired in January 2000. In 2006, E Pluribus forwarded \$349,200, about half of the grants that made up 99% of its revenues that year, to Washington, D.C.-based Manifold

Productions. Some of Manifold's past productions include: *Hollywood vs. Religion*, hosted by Michael Medved; and *Campus Culture Wars: Five Stories about Political Correctness*.

Manifold is directed by conservative Republican Michael Pack, who resigned from the Corporation for Public Broadcasting in February 2006, the last in a series of departures of officials hired in an effort by conservatives to bring what they viewed as more balance to public television.

Posted: Aug. 6, 2007

High School Debate Workshops Overview



The Mackinac Center for Public Policy is pleased to sponsor its annual High School Debate Workshop program. Thousands of students and teachers have honed their forensic skills at our one-day workshops, which are designed to enhance the debate season for all schools through informative speakers, free materials, and up-to-date news and research on the debate topic. If you have any questions about these educational events, please contact Workshop Director Kendra Shrode at 989-631-0900 or by e-mail.



Research

In 2001, researchers Peter Cookson, Jr. Ph.D. and Katie Embree Ph.D. of Columbia University, and Alex Molnar, Ph.D. of Arizona State University, reviewed the Mackinac Center's research on education issues. Funded by the Great Lakes Center, which is in turn funded by the National Education Association and its 6 Midwest affiliates, 8 the authors found that in only one case did the Center's research reach a quality sufficient to be considered for publication in a peer-reviewed academic journal. The authors found:

"Mackinac Center research is often of low quality and because of this it should be treated with considerable skepticism by the public, policy makers and political leaders. Indeed, much of the work of the Mackinac Center may have caused more confusion than clarity in the public discussion of the issues that it has addressed by systematically ignoring evidence that does not agree with its proposed solutions."

The study went on to say: "Center reports tend to use social science language without proper social science methods in a way that gives the appearance of social scientific legitimacy to the Center's preconceived beliefs and ideas." ¹⁰

Expansion

The State Policy Network, together with the Mackinac Center, serves to coordinate resources among member think tanks as well as to recruit and train new conservative, free market think tanks.

These organizations, whose boards are composed of businessmen and women rather than scholars, refer to themselves as "think tanks" in order to create a perception of detachment. As a result, they are taken more seriously in legislative arenas and in the media than corporate presidents and their lobbyists. As the Atlantic Monthly once pointed out: "The beauty of it all was that thinkers come cheaper than lobbyists." 11

⁸ http://greatlakescenter.org/About Us.php

Let The Buyer Beware, Cookson, Molnar and Embree, An Analysis Of The Social Science Value And Methodological Quality Of Educational Studies Published by The Mackinac Center for Public Policy (1990-2001), September 2001, p.2

¹⁰ ibid. p. 29

¹¹ Ideas Move Nations, How conservative think tanks have helped to transform the terms of political debate, Easterbrook, Atlantic Monthly, January 1986, p. 69



November 17, 2006

The Conservative Reach

Right-of-Center Guru Goes Wide With the Gospel of Small Government

By JASON DEPARLE

BOWLING GREEN, Ky. — Lawrence W. Reed is one of those people with so much passion for an unusual line of work that he invented a new occupation, and it has helped shape the conservative movement from here to the Himalayas.

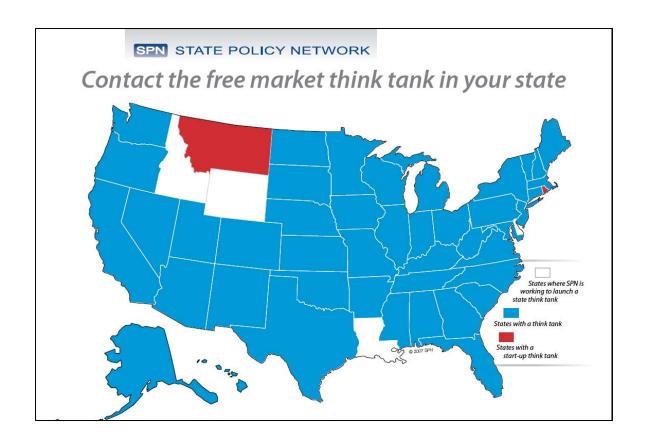


For the past nine years the Mackinac Center has hosted a conservative think tank school, attended by conservatives from other states interested in establishing think tanks of their own by using the Mackinac Center's publications, speeches and other resources. It operates as a conservative think tank franchise operation, with centers located in most states and 37 counties. Some of these state organizations are staffed by a single person. The various members of the State Policy Network routinely share and re-label publications, speeches and press releases.

The Bluegrass Institute, located in Bowling Green, Kentucky, was founded four years ago by Christopher J. Derry after he attended the Mackinac Center think tank school. It is now referred to as a "conservative propaganda mill" by the state's largest newspaper. "This is like a franchise," Derry said. "I saw that I could recreate what the other state groups are doing." ¹²

The Bluegrass Institute has since grown to employ four people, but lists 43 authors on its web site, including Mackinac Center President Lawrence Reed, a litany of staffers from other conservative think tanks as well as ABC News reporter Jon Stossel.

¹² Right-of-Center Guru Goes Wide With the Gospel of Small Government," The New York Times, November 17, 2006



The Mackinac Center has developed expertise in the art of fundraising. Through the State Policy Network, the Center has made available a guide to fundraising which suggests a flexible approach to the truth. As well as requesting funding from conservative foundations, it recommends donning mainstream foundations to fund an "internship program" using a vaguely worded proposal that avoids any mention of the Center's philosophical mission:

Raising funds from individuals and organizations that are philosophically neutral to not philosophically-aligned with your mission is possible. Without question, how a program or project is described is important, as is having goals, yardsticks and results. The following grant request for an internship program extols the benefits of the program for the interns, as well as the organization, in non-philosophical language. (SPN Leadership Training Series, *How to Start and Grow a Think Tank*, www.spn.org)

The State Policy Network goes further: it suggests that when requesting funding from corporations, one should point out the connection between corporate donations and the marketplace financial return they can expect: "It's up to you to demonstrate that you're not just a worthy organization with good ideas, but an effective partner that delivers bottom-line value for long-term benefit." The article also suggests that one guard against leaving the impression that "a supportive report on a donor's issue must mean your opinion has been 'bought'." It blames a "cynical press" for spreading this view. ¹³

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¹³ SPN News, Spring 2002



Summary

The Mackinac Center receives attention not because of its objective scholarship but because it showers the media and governmental officials at all levels with publications designed to promote a conservative agenda. It is undoubtedly a very effective conduit for the policy wishes of its sponsors. It has shown great resourcefulness in creating new ways to spread its message. Between its presence in the Michigan Legislature, its many publications, news releases, its web site and conferences it might seem to be spreading its message in every way possible, but it continues to find new outlets:

- It recently sponsored a contest to reward a student essay that best "exposes a scientific fallacy in a book, movie, song or other pop culture medium." It later awarded first place to an entrant who established that the Disney animated movie "Little Mermaid" lacked scientific basis. ¹⁴
- A new program "Students for a Free Economy" will visit Michigan colleges and universities "taking policy ideas to students ... who may be unfamiliar with the ways that markets affect their lives and the issues they care about." ¹⁵
- It's Freedom in Fiction Prize competition offers \$10,000 to the new book author who creates:

...characters that demonstrate an appreciation for liberty, free markets and/or explicitly or symbolically oppose government oppression or restraints on their freedom...

But the book must not:

...advance themes or characters who promote government-sponsored solutions; vilify entrepreneurship; degrade personal initiative, self-reliance and responsibility, or regurgitate discredited myths and misconceptions about liberty and free enterprise...¹⁶

It appears to have abandoned its unbiased pose. The Mackinac Center has become the Fox News of Michigan public policy.

¹⁴ http://www.mackinac.org/article.aspx?ID=8870

¹⁵ http://www.mackinac.org/article.aspx?ID=8959

¹⁶ www.mackinac.org/freedominfiction