

Ann Arbor.com Questionnaire

By Rick Olson, candidate for State Representative, 55th District
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Why are you seeking election? Michigan faces serious, complex challenges, which are going to take experienced, knowledgeable people in the Legislature to meet them. Now that we have term limited legislators, we don't have the luxury of electing someone who is going to have to learn on the job. With a lifetime of financial, legal, both public and private business management and leadership experience, I can hit the ground running. My focus is on improving the business climate to create jobs. We need to get Michigan's economy going again.

What makes you uniquely qualified for office? I am ready to serve as your voice for jobs. I have spent most in my career as a business manager, initially in large scale agriculture. I went to Stanford Law School to become a better business manager. My wife, Linda, and I are Michigan natives, and met and married on the campus of Michigan State University 39 years ago, but moved to Washington State after law school. There, I worked for the Washington State Legislature for three years and the Governor's Office for a year as an attorney. Then I spent the rest of my career in finance and business management, including seven years as a public school business manager here in Michigan.

72% of the legislators are expected to be new in January. While some think that is a good thing, the downside is that we will have a lot of new, inexperienced people in the legislature who will not know what they are doing. It will be important that someone with my experience be elected who will know how the system works, who is familiar with the issues to be able to get things done, and ready to serve from day one.

Beginning next year, Michigan will not have enough gas tax revenue to garner federal matching funds. Would you increase gas taxes so the state doesn't leave \$475 million in federal funding in Washington? If that is not the solution to Michigan's current road conditions, what is? Not getting our federal gas tax money back must be avoided. Part of creating a better business climate is maintaining our transportation infrastructure. We pay through auto repairs for bad roads, so we pay one way or another. Good roads are essential. We must do the proper year-by-year maintenance of our roads to minimize the long-term cost of maintaining our roads.

I would support a federal waiver of the requirement for the state to have the matching funds. I would also support stopping Michigan being a donor state, with the state getting only 92 cents of each federal gas tax dollar we send to Washington, D.C. Failing that, I would seek to find funds in our state budget to eliminate the need for increasing the gas tax, but realistically doubt that can be done AND fill the \$1.7 billion deficit the 2011 budget now faces. Once those options have been exhausted, then I would support an increase in the gas tax for cars, as well as bringing parity between the tax on gas and diesel fuel.

But, I would not stop there. As a condition for the vote for a gas tax increase, I would demand an elimination of the prevailing wage law which increases the cost of road repairs and other public

construction work. I would seek the prohibition of County Road Commissions being able to require any city or township road work being done with funds that flow through the County Road Commissions to be done with that County Road Commission's employees. The local municipalities must be allowed to bid out the work and have the work performed by the lowest cost bidder to make our scarce tax dollars do the most good.

Do you think the Michigan Business Tax needs to change. If so, would you eliminate the MBT. What kind of tax, if any, should replace it? The high MBT is one of the factors that makes us rank 48th out of 50 states in terms of attractiveness to business, so, yes, the MBT needs to be at least significantly reduced and preferably eliminated. The numerous ways to cut state spending must be implemented to make a replacement tax unnecessary, but after all of the cost control measure are adopting and a replacement tax is still needed, an extension of the sales tax to some services is supportable.

Do you believe public employees should pay more, less, or about the same for their health care and other benefits? I believe public employees should pay a larger portion of their health insurance costs to be more in line with that paid by private sector employees. Perhaps we could afford to be very generous when we are a rich state, but now that the state's per capita income ranks 37th in the nation, we can no longer afford to be overly generous – regardless of how much we like, appreciate and respect our public servants.

The recent amendment to the Michigan Public School Employees Retirement System is a step in the right direction. The defined benefit plan has just become too expensive for the school systems with a 19.41% contribution rate for next year (i.e., the districts must contribute 19.41% of the employees' wages to MPSERS). The new law's reducing the school districts' share by shifting 3% to the school employees is a bitter pill for the employees to swallow, but a necessary action in these tough economic times. We need to recognize, however, that this is an effective 3% reduction in pay for the employees, so resistance to further wage cuts is understandable, making a 5% across the board further reduction in wages problematic. In my experience, there are some school employees who make very low wages, such as classroom para professionals, for whom additional wage reductions would be difficult.

Should Michigan be a right to work state? Yes, I believe that would dramatically send the message that Michigan is open for business. If that cannot be enacted, I would support a law authorizing locally determined Right to Work Enterprise Zones, to allow local municipalities to compete amongst themselves on who can be more business friendly to attract businesses to locate there.

Do we spend too much money on corrections in Michigan? If so, how would you reduce correction costs? Yes, we spend too much. The prison population can be safely reduced by selectively releasing some non-dangerous criminals to lower cost correctional measures. Services in the prisons, such as food service, can be privatized. The wages and benefits of prison employees need to be brought in line with comparably skilled positions in the private sector.

Has Proposal A, the landmark education funding reform, worked as it should? Is there anything you would change about it? Proposal A worked well in terms of providing adequate

funding for school while the economy was robust, but less well in economic hard times. See other questions' answers regarding the adequacy of funding provided by our current tax structure.

I don't like the current school funding method where some kids are worth more than other kids, such that contiguous school districts receiving more money per student can attract students away from the neighboring school district through school choice. The remaining students in the losing district then have less money to be educated with. Because the losing districts tend to be higher poverty, higher minority districts, usually with more students at risk for failure in school, this leads to fewer resources per student when those students need greater educational inputs to achieve academic standards.

The current system also leaves districts with low total taxable value per capita at a significant disadvantage in maintaining their school buildings, either through Sinking Funds or bond project proposals. Educational opportunities are far from equal across the state.

Do you support or oppose a ballot measure this fall that would call a convention to rewrite Michigan's constitution? I oppose holding a Constitutional Convention. The current amendment possibilities are adequate for enacting any pressing needs for change.

Do you support the use of incentive programs such as tax abatements and Renaissance Zones? I strongly favor improving the business climate for all businesses to prosper, grow and create jobs rather than have state bureaucrats pick and choose the potential winners from the losers and grant tax credits to the ones they like. This offers too many opportunities for cronyism and corruption. The state has not been good at predicting winners, and cannot be expected to be good at it. Only 27 jobs have been created for every 100 promised at the time of the granting of the tax credits.

Several proposals have been advanced to change Michigan's tax system — the FAIR tax, a graduated income tax, reducing the sales tax and expanding it to a broad range of services. Do you favor changing the tax system? If so, do you support one of these proposals or something else? Actually, the current tax structure has done a remarkably good job of collecting revenue. The problem is that we don't have enough tax payers. We don't have enough businesses successful in Michigan and paying taxes. We don't have enough people working, earning money and paying taxes. We don't have enough people paying their mortgages, and thus foreclosures and weak real estate markets have decreased the value of homes and businesses, reducing the amount of property taxes collected. Rather than focus on how to extract more money from the devalued economy, we need to focus on doing those things that will get the economy going again, and once we do that, the revenue and budget balancing problems will be resolved. If we try to extract more tax money now, we risk never seeing the economy recover, and continue on a downward spiral.

I like the Michigan FairTax, as it does not discourage earning, saving and investing as our current tax structure does. It would make Michigan extremely attractive for new businesses and create jobs, something the state drastically needs. The need for a constitutional amendment and

people's resistance to change to something new they do not completely understand, however, makes this change unlikely.

I do not support a graduated income tax. As stated above, if after all the cost savings measures are enacted and more revenue is needed, an extension of the sales tax to some services is supportable.

Do you think the state should mandate or offer incentives for school districts to consolidate as a cost-saving measure? As a former public school business manager and the husband of a school superintendent, I can see clearly the need for some consolidation. But, while it makes sense in some cases, it does not in others. Perhaps some commission similar to the U.S. armed forces base closing commission is needed to sort out the possibilities, and get away from the local resistance to consolidation where justified. A problem with many smaller school districts is that various employees may wear many hats, performing multiple functions performed every day throughout the day. Unless consolidation eliminates the need for an entire employee, no money is saved.

The Urban Cooperation Act is an impediment to consolidation that needs to be revised to eliminate the requirement that the new combined district to pay the highest wages and the most expensive benefits of the consolidating districts, as this increases the cost of government, rather than achieve cost savings.

Virtual consolidation can occur via inter-agency contracting for services, to achieve economies of scale, such as for some business services, transportation, etc., and should be further encouraged. Many townships are currently contracting for their assessors and building inspectors this way, and this practice should be expanded to other entities.

Further, privatizing many of the non-educational functions of schools should be encouraged. Like it or not, the public sector unions have priced themselves out of the market, with wage and benefit packages far more expensive than the private sector. We need to keep our focus on the goal of educating the kids, not in providing employment for adults in our school system.