



## **Create A Culture Of Ethics In Michigan's Government**

One Reform In A Series From Rick Snyder's Top 10 Guiding Principles For Reinventing Michigan:  
***#3—Fix Michigan's Broken Government***

# Create A Culture Of Ethics In Michigan's Government



"Michigan's citizens are tired of the divisive political culture in Lansing. Midnight deals, closed door meetings, lobbyists and special interest influence have stood in the way of long-term solutions. As Governor, I will ensure that government is open, fair, and accountable to the citizens by making Michigan a national leader in transparency and ethics."

- Rick Snyder

## Introduction

### **Citizens Want A Commitment to Open, Honest, And Ethical Government To Get Things Moving In Lansing**

Citizens have the right to expect more from elected officials, especially when the state needs critical, thoughtful solutions to help Michigan recover. Making government more accessible and responsive to citizens and reducing the influence of special interests and lobbyists will increase efficiency and reduce barriers that impede progress in Lansing. There is a very strong linkage among disclosure requirements, improved performance, higher ethical behavior, and accountability.

### **Michigan Spends Too Much On Politics Without Getting Results**

Campaign and lobbying expenditures have steadily risen over the last decade while Michigan's economy and quality of life have declined. The frustration from seeing the broken political process in Lansing is what prompted Rick to run to refuse to take contributions from Political Action Committees (PACs) and lobbyists in his campaign for Governor.

In 2009 alone, Michigan's state government spent approximately \$400,000 to lobby itself, while debating major cuts to schools, early prisoner release, and disinvestment in higher education. Citizens are tired of paying taxes while Michigan's infrastructure crumbles, the environment is endangered, and education is placed in jeopardy. Lansing's leaders routinely fire meaningless political volleys at each other and remain unwilling to compromise because of ardent political battle lines drawn by special interest groups. It is time for Michigan to invest more in delivering outcomes and results than political quagmires.

Year	Lobbying Expenditures
2009	\$31,849,916
2008	\$34,167,777
2007	\$32,153,832
2006	\$30,204,626
2005	\$29,633,289
2004	\$27,119,649
2003	\$26,609,024
2002	\$23,295,129
2001	\$23,777,305

Table 1: Reported Michigan Lobbying Expenditures, 2001-2009<sup>1</sup>

## Background

### **The Influence Of Lansing Lobbyists Has Grown Over Time**

As term limits were adopted, lobbyists quickly moved to assert their role in Lansing. Term limits allowed the state legislature to rely on lobbyists to provide subject-matter expertise on a wide array of subjects from individual policy issues to parliamentary procedures for drafting, introducing, and passing legislation. The political landscape, by default, has created a situation where lobbyists gain a great deal of influence through professional and personal relationships that can be well-intentioned, but detrimental to clear, open, and accountable government without guidelines.

<sup>1</sup> "State Lobbying Down \$2.3 Million in 2009", Michigan Campaign Finance Network, [\(MCFN\)](#)

As career politicians reached the end of the terms, a great number of them sought to further their career as lobbyists. In 2009, Michigan's Secretary of State reported 2,782 registered lobbyists and lobbyist agents in Michigan – that's 18 lobbyists or lobbying agents per legislator, a 26% increase since the first class of legislators were term limited from office in 1998.<sup>2</sup> Federal law prohibits Federal officeholders from lobbying former peers for a period of one year (known as a "cooling-off" period). Currently, 25 states have cooling-off periods of at least one year and six states require at least two years before pursuing a career in lobbying.<sup>3</sup> Michigan has failed to address this issue, making the break from public servant to high-paid lobbyist less clear by allowing elected leaders to begin lobbying former staff and colleagues within a day of leaving office.

In Lansing, lobbyists have become career political insiders who travel effortlessly between elected office, government, or legislative staff positions, collecting huge pay-offs to lobby for interest groups. Governors come and go, legislatures come and go – while lobbyists remain. They have no loyalty to party, to belief, or ideology. Without the right measures in place, their role behind-the-scenes in government can potentially corrupt the democratic process.

Lobbyists have such a hold on Michigan that even government departments have to spend tax money on lobbyists to get things done. The Michigan Department of Treasury alone spent over \$122,000 in 2009 (making it 36<sup>th</sup> on the list of the state's top 200 lobbyists).<sup>4</sup> As a state, Michigan spent approximately \$400,000 in 2009 alone to lobby itself.<sup>5</sup>

Michigan laws also do not require lobbyists to report travel and accommodation expenses for public officials unless it exceeds \$725; financial transactions between lobbyists and officials must be reported only when they reach a threshold of \$1,100; meal and beverage expenditures are not reported unless they exceed \$54 in a month or \$350 in a year; event tickets and greens fees are permitted as long as they do not exceed \$54 per month, and gifts over \$54 per month are not allowed.<sup>6</sup> Given the fact that annual lobbying figures have increased throughout most of the past decade, Michigan's citizens deserve improved disclosure to assess the extent and nature of how lobbyists influence public policy.

### **A Lack Of Financial Disclosure Enhances Special Interests Influence Over Elected Officials**

Michigan is one of three states – Idaho and Vermont are the others – without laws that require public officials to disclose their personal finances.<sup>7</sup> In recent years, political spending has grown exponentially; in 2006 alone, over \$120 million was spent in state elections, including a record \$70 million on Michigan's gubernatorial campaign alone.<sup>8</sup> Expenditures on lobbying and donations to PACs also have been trending upwards, with the exception of 2009 when political fundraising began to feel the impacts of the recession.

Costly campaigns and a lack of true financial disclosure create a perfect storm where citizens become disenfranchised with politics because the public and the media are unable to follow who is trying to influence policy and for what reasons. Many people view the divisive culture in Lansing as underachieving and out-of-touch with reality because citizens' voices are not heard due to the influence of PACs and lobbyists. This sentiment is further underscored by a report from the Michigan Campaign Finance Network indicating that 72% of winning Michigan House campaigns received more money from PACs than from individual donors.<sup>9</sup>

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<sup>2</sup> "Michigan Lobby Registration Act – Number of Lobbyists and Lobbyist Agents 1998-2009", State of MI SOS, September [2009](#)

<sup>3</sup> "A Case For Political Reform In Michigan", Michigan Campaign Finance Network, [\(MCFN\)](#)

<sup>4</sup> "Top 200 Michigan Lobbyists – 2009", Michigan Campaign Finance Network, [\(MCFN\)](#)

<sup>5</sup> "Top 200 Michigan Lobbyists – 2009", Michigan Campaign Finance Network, [\(MCFN\)](#)

<sup>6</sup> "The Michigan Lobby Registration Act - 2010 Reporting Thresholds, Fees, and Penalties", State of MI SOS, December [2009](#)

<sup>7</sup> "States of Disclosure: The Center's 50 State Ranking of Standards For Legislators", Center For Public Integrity, [2009](#)

<sup>8</sup> "A Case For Political Reform In Michigan", Michigan Campaign Finance Network, [\(MCFN\)](#)

<sup>9</sup> "Citizens Guide to Michigan Campaign Finance", Michigan Campaign Finance Network, [2008](#)

Michigan’s campaign finance system has glaring deficiencies that can be easily exploited to create an environment where a limited number of well-financed special interests could easily dominate the financial landscape of political campaigns. Michigan needs to take deliberate steps to prevent a statewide culture of corruption from developing.

Infrequent reporting makes it extremely difficult to gauge who is influencing policy, both during campaigns and years in office. During the campaign cycle, candidates file pre- and post-election campaign finance reports for primary and general elections. During non-election years, elected officials are only required to post one campaign finance report. This impedes the public and the media from tracking any correlation between contributions and legislative actions until long after the fact.

This problem is exemplified by expensive robo-call campaigns that have already gotten under way in Michigan’s 2010 gubernatorial election. Under the current system, robo-calls fall under an enormous campaign finance loophole. Michigan law does not require disclosure of political advertising unless the ad specifically calls for a vote for or against the candidate. This allows unregulated third party contributions to finance robo-calls and masquerade them as issue advertising without revealing the funding source; leaving the door open for well financed interest groups to influence the outcome of the election by providing voters with false and out-of-context accusations without fear of reprisal. Michigan’s Campaign Finance Network reports that since 2000, there has been \$45 million in unaccountable spending for issue advertising in Michigan’s most competitive state campaigns.<sup>10</sup>

**The Perception Of Poor Ethical Policies Can Damage The Public’s Trust And Confidence**

The Center for Local, State, and Urban Policy (CLOSUP) issued a report in October 2009 that claims one in four citizens seldom or almost never trust state government.<sup>11</sup> To make matters worse, the same report claimed that nearly half of the local government officials polled responded the same way.<sup>12</sup> Michigan must raise the bar of ethical behavior.

Transparency has not been a priority and years of ineffective leadership have caused citizens and local government leaders to question the state’s trustworthiness and credibility. In order for Michigan to overcome the perception of a broken and dysfunctional government, the state needs to commit to strong ethics, transparency in government functions, and report performance measurements of state departments and programs to earn the trust and respect of citizens again.

**The Remedy**

**Strengthen Lobbying Laws To Prevent Undue Influence**

Michigan’s citizens expect fair and transparent representation from their government. In recent years, political

Lobbying Policy/Rule	Lansing’s Current Political Environment	Rick’s Proposed Ethical Reforms
<b>Reporting standards for travel accommodations and expenses for public officials</b>	Only if expenditure is over \$725	Itemize every expenditure and limit to \$600 a year
<b>Reporting financial transactions between lobbyists and public officials at certain thresholds</b>	Only once the transaction reaches \$1,100	Report all financial transactions
<b>Reporting meal and beverage expenditures</b>	Not reported unless greater than \$54/month or \$350/year	Ban lobbyist-sponsored meals and beverages greater than \$10, \$25/month
<b>Gifts from lobbyists to elected officials</b>	Gifts cannot exceed \$54/month and are not reported	Ban all Gifts
<b>Frequency of reporting for lobbyists</b>	Twice a year	Quarterly
<b>Mandatory Cooling-Off Period</b>	None	2 years (one full session)

Table 2: Rick’s proposed changes to current lobbying laws

<sup>10</sup> “Citizens Guide to Michigan Campaign Finance”, Michigan Campaign Finance Network, [2008](#)

<sup>11</sup> “Michigan Public Policy Survey”, Center for Local, State, and Urban Policy (CLOSUP), October [2009](#)

<sup>12</sup> “Michigan Public Policy Survey”, Center for Local, State, and Urban Policy (CLOSUP), October [2009](#)

divisiveness has eroded confidence in state government while special interest groups helped the current administration to select winners and losers in major policy decisions. A comprehensive disclosure of Michigan's lobbyist activities will reduce impediments to progress and keep the best interest of the public in mind. Michigan needs to enact measures similar to California, where lobbyists are required to be certified by completing annual ethics training to earn certification so they can clearly understand the rules and punishments.<sup>13</sup> This should also apply to public officials.

Michigan needs to ban all gifts from lobbyists including sporting event tickets, greens fees, and other things that are currently allowed. All travel and related expenses involving public officials should be itemized in quarterly lobbyist reports.

Outgoing legislators and senior appointed administrative officials should have to wait for a two-year cooling off period before transitioning to a career in lobbying or lobbying-related activity such as recruiting clients or participating in a lobbying campaign.

### **Increased Financial Disclosure Of Elected Leaders and Senior State Employees**

Michigan needs to reform campaign finance laws to close loopholes that exacerbate the cost of elections. To meet the standards currently practiced by the federal government and 47 other states, Michigan also needs to improve personal financial disclosure of elected and senior state-appointed officials. There are many efforts that the state should adopt around campaign finance reform, including:

- All committees - candidate, PAC, party, and ballot committees - should be required to file quarterly campaign finance reports every year.
- Contributions to PACs should be limited to \$5,000 per year from any source.
- Any independent expenditure that is made subsequent to a committee's last required report before any election should be reported within 48 hours and made available on line for citizens and journalists to monitor.
- Any independent expenditure sponsored by an individual should be reported within 48 hours, and those that concern candidates for State office should be reported to the Department of State.
- All electioneering communications – broadcast, printed, and telephonic – that feature the name or image of a candidate for public office or ballot initiative should be considered expenditures subject to appropriate disclosure requirements.
- Robo-calls that name a candidate for public office should be required to include a disclaimer naming the sponsor of the call.
- All State officeholders and top appointees should be prohibited from accepting honoraria.
- Michigan should require elected officials – including judges – and top administrative appointees to file yearly reports of their tax returns and potential conflicts of interest.

### **Foster An Ethical Culture In Government Through Regular Training**

Amidst wavering public confidence, Michigan needs to establish a strong culture of honesty, transparency, and ethical behavior in government. It begins with a Governor that is strongly committed to changing the entrenched politics of Lansing by leading by example. Proactively seeking measures to deter a culture of corruption will enable state government to focus on increased accountability and earn the trust of Michigan's citizens once again.

The need to do so is clearly apparent. Hundreds of millions in federal stimulus funds have flowed to Michigan, yet most citizens have difficulty identifying where and how money has been utilized, aside from being applied to the state's

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<sup>13</sup> "Lobbyist Certification Statement", California Form 604, California Fair Political Practices [Commission](#)

budget deficit. Michigan citizens are also familiar with ongoing reports of corruption and scandal that has devastated Detroit's city government and school system. Fortunately, strong ethical leaders, such as Mayor Dave Bing and School Administrator Robert Bobb, have emerged to rebuild the city after years of neglect.

Several states have recognized the value of a strong organizational commitment to ethical behavior and have created programs to train public employees, legislators, and lobbyists with materials that are easily accessible on the state's website. Michigan must commit to creating a culture where corruption is not tolerated and leaders willingly accept full public disclosure as a responsibility of public service. Regularly scheduled ethics training should be required and training resources should be widely available on the state's website for the public to review.

### **Improve Government Performance And Increase Public Awareness By Creating Public Transparency**

Citizens want more accountability from government because we do not see value or progress from Lansing. Career politicians have failed to recognize the real value of transparency in government – providing an incentive for decision makers to realize that their decisions have consequences. Failing programs and underachieving departments need to improve or be discontinued. Without measurable performance metrics, year-over-year spending enables government to continue trudging forward, spending enormous sums of money without addressing deficiencies or structural problems.

Michigan must develop a "Sunshine Portal" where anyone can access information about the budget, state program performance, government contracting, and key meetings. Citizens should be able to hold programs and elected officials accountable and government leaders should welcome the challenge to improve performance and display what is right about Michigan's government. In addition to consolidating currently available information sources into a single clearinghouse website, the portal should also make available significant new information that is currently unavailable or difficult to obtain. The Sunshine Portal should be a searchable, user-friendly, public website that discloses how our State government receives and spends funds in a simple and straightforward manner. Information available on the Sunshine Portal should include:

1. **State's Check Ledger:** For the first time, the public should be able to see how every tax dollar is spent by accessing an online system that tracks every expenditure made by the state. The information should be organized by department and agency.
2. **Capital Outlay Tracker:** The public should be able to track all capital outlay projects from appropriation to expenditure. The Capital Outlay Tracker should also include information about sponsors, amounts, and current status.
3. **Open Meeting Act Tracker:** All scheduled meetings should be posted on the Sunshine Portal where the public could search information about open meetings by either calendar date or by governmental body.
4. **Contractor Database:** The Sunshine Portal should contain a state Contractor Database so the public can view contractors with whom the state has worked, is considering or currently working, including RFPs for future projects.
5. **"Statebook" networking site:** All state employees with decision-making capacity from Governor down should have a page that includes basic information about who holds the position, what their responsibilities are, and how to reach them.
6. **Employee Salary Database:** Salary information for all state employees should be included on the Sunshine Portal.
7. **Statutes and Regulations:** Links to find all statutes and regulations should also be available.
8. **State Agency Information:** All state agencies should work towards posting all information that can be made public, including raw data, organization flow charts, and key reports and performance metrics.
9. **311 Hotline:** A 311 Hotline should be created to make the Sunshine Portal information available to people without computer access.

## **Deter Unethical Behavior By Improving Enforcement Options**

Without teeth, any commitment to ethical reform will devolve into mere lip service. A fully functional, ethical culture requires having true, meaningful consequences for those who deviate from the standard. Michigan must revise laws to fine offenders for meaningful amounts with the most serious offenses by organizations and their officers prosecuted as crimes. This will serve as a deterrent to those who willingly accept a minimal fine and slap on the wrist as an investment for the cause they are promoting.

The solution must also extend beyond partisan politics. Michigan needs to establish an independent, nonpartisan commission empowered to investigate campaign finance, lobbying, and ethics violations. The commission should have the authority to impose fines and verify violations.

## **Conclusion**

The best way to improve the credibility of Michigan's government is to reinvent it with an ardent commitment to fostering an ethical culture of honest, accountable, and transparent leadership in Lansing. Citizens are rightfully skeptical of government performance and intentions because they have witnessed increased influence from lobbyists and special interests, skyrocketing campaign expenditures, and an influx of issue campaigns and robo-calls while the quality of life in Michigan has spiraled to unprecedented lows. Divisive, partisan politics have dominated Lansing while stories of corruption and incompetence have plagued Michigan's communities.

Rick Snyder is the only person who can create a new culture of ethical behavior and transparency in Michigan government. He is the only candidate that has not developed his professional acumen in Michigan's dysfunctional political culture. Rick has spent his entire career improving organizations, creating, achieving, and reporting performance measurements to stockholders, customers and business partners. He understands what it takes to overcome broken practices and he has the leadership and vision to make Michigan more accountable to its citizens.