

PIRGIM

Standing Up To Powerful Interests

Public Interest Research Group in Michigan
Citizen Advocate: An Update For Members Of PIRGIM

Winter 2010 • Vol. 27, No. 3

Find links to resources and actions at www.pirgim.org/newsletters

Reforming Health Care

Small Businesses Say "Yes" To Reform

PIRGIM spent much of the summer and fall engaging an important constituency in the health care debate: small business owners.

In November, we worked in partnership with PIRGs across the country to send a cross-section of more than 100 small business owners to Washington, D.C., to meet with the administration and with lawmakers not yet committed to reform.

"It's hard for a politician to categorize health reform as anti-business when droves of small business owners are telling them that they need reform, that the status quo is untenable," said Kara Rumsey, PIRGIM advocate.

It's also hard to ignore the ways that our current health care system drives up costs, especially for small businesses. Our research found that small businesses pay an average of 18 percent more for insurance. Like individual consumers, small businesses lack the negotiating power to get a better deal. They can also experience enormous increases in premiums if just one employee gets ill.

These dysfunctions in the system mean many small businesses and their employees can't afford health insurance. The cost also discourages entrepreneurs from starting businesses—perpetuating economic problems.

Organizing In Other States

When Sen. Joe Lieberman (Conn.) proclaimed that he would filibuster

a bill with a public insurance option, PIRGIM mobilized our members to urge the senator not to stand between the nation and reform.

One senator shouldn't prevent a majority from acting on this critical issue—especially when the policy he objects to would, according to our research, save \$320 billion over the next ten years. ■

Government Transparency

Building A Fair And Open State Budget

While state officials debate how to fix Michigan's broken budget, PIRGIM is calling for the creation of an easy-to-use, searchable online database detailing all state contracts and expenditures.

In the past few years, at least 29 states have mandated that citizens be able to access a searchable online database of government expenditures. These states have what some call "Google Government," a new standard of comprehensive, one-stop, one-click budget accountability and accessibility. Experience from the leading "Google Government" states shows that these web por-



SMALL BUSINESS OWNERS HAVE DAY IN D.C.—Led by our Washington Office Director Gary Kalman (bottom left), PIRGIM helped fly more than 100 small business owners to Capitol Hill to meet with lawmakers about the need for health care reform.

Member Resource

HEALTH CARE
You can keep up with our efforts on health care reform by following PIRGIM Federal Health Care Advocate Larry McNeely on Twitter at twitter.com/LarryPIRG

tals are effective, low-cost tools to bolster citizen confidence, reduce contracting costs, and improve public oversight.

Catching up to other states and becoming a leader in open government budgeting will help us make better choices about investments in our communities. Public oversight of the state's purse also provides an added incentive for those in government to spend tax dollars as efficiently as possible.

Budget transparency, while not a new idea, can be revolutionary. Transparency is an important part of any real budget reform. ■

Product Safety

Not-So-Safe Toys Still On Store Shelves

PIRGIM's 24th annual toy safety report revealed that, despite passing a law to overhaul the Consumer Product Safety Commission (CPSC), there's still "Trouble in Toyland."



STILL TROUBLE IN TOYLAND — At the release of our 24th annual toy safety report, Public Health Advocate Liz Hitchcock highlighted a new smartphone application that lets parents check for unsafe toys while they shop.

CPSC Commissioner Robert Adler joined PIRGIM Federal Public Health Advocate Liz Hitchcock at a Capitol Hill press conference, praising our long commitment to keeping America's kids safe.

This year, in addition to the report's findings on choking, noise hazards, and toxic threats, PIRGIM's national federation released an interactive smartphone application to help parents and consumers avoid these common hazards.

In addition to putting safety information at consumers' fingertips while they shop, the mobile site enables toy buyers to report potentially dangerous toys so that we can investigate and follow up with the CPSC. ■

Ending Credit Card Abuses

New Credit Card Law, But Banks Resist

In May, President Obama signed the PIRG-backed Credit CARD Act, following years of our advocacy against unfair credit card practices. However, while Congress gave the banks until next February to prepare

for compliance with the law, there have been widespread complaints that banks have instead used that period to gouge consumers.

PIRGIM pushed to accelerate the start date to Dec. 1. In November, the House passed legislation to do just that, but similar legislation stalled in the Senate.

Dec. 1 came and went, but PIRGIM continues to oppose rules proposed by the Federal Reserve that would allow banks to evade many parts of the new law once it is implemented, including provisions that prohibit retroactive rate increases and over-limit fees. ■

Campaign Finance Reform

Contributions Linked To Crumbling Bridges

After 13 people died during the collapse of the I-35 bridge in Minneapolis in 2008, the alarming state of disrepair of our country's transportation infrastructure became front page news. Just months later, Congress passed a transportation appropriations bill that earmarked spending on more than 700 highway projects—but only 74 for maintenance or repair to a bridge, tunnel or overpass. The rest went to road-widening and new highway construction.

If you're wondering why your tax dollars are being spent on new roads while existing transportation infrastructure is allowed to fall into a dangerous state of disrepair, a new PIRGIM report suggests that the answer might be found in campaign finance disclosures.

Our report, "Greasing the Wheels," looked at the influence of campaign contributions from road builders, developers, and others with an interest in the development of new roads. The findings suggest that government spending is skewed toward road-widening and new highway projects, and that elected officials often overlook preventative maintenance projects, especially when new projects are encouraged by campaign contributions. ■

Toxics & Public Health

U.S. Chemical Facilities Will Be Safer

One hundred and ten million Americans live in the shadow of a potential catastrophic release of poison gas. In December 1984, Bhopal, India experienced such a catastrophe when a chemical gas spill from a pesticide factory created a dense cloud over the city: 20,000 people lost their lives. And it could happen in Michigan.

A November vote in the House of Representatives brought us closer to protecting the millions of Americans who live and work in the danger zones around chemical facilities.

PIRGIM Federal Public Health Advocate Liz Hitchcock applauded passage of The Chemical and Water Security Act of 2009. "We should not tolerate unnecessary risk to millions of Americans when we know that we can do better," she said, "and we should not tolerate further delay in passing this already long-overdue protection for America's communities." ■

Join The Toy Safety Net Online

To stay up-to-date on which toxic toys to avoid, visit us online at <http://toysafety.net> or <http://www.toysafety.net>.

A photograph of the Michigan State Capitol building in Lansing, Michigan, featuring its prominent white dome and classical architecture.

Be An Advocate For Michigan's Future With PIRGIM's Planned Giving Program.

You can be remembered as someone who cared enough to leave a legacy of activism on behalf of Michigan consumers and ensure the future health of our state's democracy by making a bequest to PIRGIM.

For information, call: 1-800-841-7299, or e-mail plannedgiving@pirgim.org

Privatization: Short-Term Gain, Long-Term Pain

Facing persistent budget shortfalls, public officials in Michigan are showing interest in privatizing roads and other transportation facilities. This would allow private companies to build and operate roads and other transportation facilities in Michigan and then collect their own tolls or other fees from the public.

This talk of privatizing roads is part of a national trend in which an alarming number of cash-strapped municipalities and states are turning over the control of public assets to private companies. We've been looking at these deals—which in other states have included roads, water works, airports, even parking meters—and in the long run, they are almost invariably stacked against the public.

Deals Disadvantage The Public

The main benefit of privatized roads is quick up-front cash, but privatization in other states shows that Michigan could end up losing money in the long term. An analysis of the Chicago Skyway and Indiana Toll Road privatization deals found that private investors will likely recoup their investments in less than 20 years—even though the private operators will charge tolls for 99 and 75 years, respectively. Texas set a moratorium on these deals after finding out that they were losing over a billion dollars by going private.

Privatization deals can also harm the public by giving private companies control of decisions on how to manage and operate roadways, including toll levels and maintenance and safety standards. The goal of private investors is to maximize profits, and profits increase with more traffic, higher tolls, and less investment in the roadway—interests at odds with those of the public.

We Can Turn The Tide

Despite the downsides, the revenue that can be generated by privatization deals can be enticing for

governments struggling to close a budget deficit.

Fighting the privatization trend is an uphill battle in Michigan, but we can look to states such as New Jersey, Florida and Pennsylvania for examples of how we can prevent these short-sighted deals from advancing. Our sister PIRGs in these states led campaigns to ensure that privatization deals include important public interest protections. PIRG advocates handed out hundreds of factsheets to legislators and spoke at national conferences to make sure state legislators didn't hear only from lobbyists pushing privatization deals with few public protections.



Matthew Meeker

Case Study: The Chicago Skyway

PRIVATIZATION TAKING ITS TOLL

Michigan can look to examples from other states as our lawmakers consider privatizing public assets. An analysis of the Chicago Skyway privatization deal found that private investors would likely recoup their investments in less than 20 years—even though the private operators can charge tolls for 99 years.



And they won—bad deals were blocked in all three states.

PIRGIM is building on this precedent to stop costly privatization deals in Michigan. ■

To Our Members



"If it were easy, someone would have done it already" — I've heard the president utter this truism time and again in response to calls for speedier action.

I think it certainly applies when our agenda includes reforming the health care system, reining in Wall Street, and transforming our transportation and energy sectors. Still, I'm not content to wait it out.

When the health care debate seemed to veer completely off-course this summer, PIRGIM called attention to \$3 trillion in potential savings from reform, mobilized the small business community, and organized the doctors and hospitals that are already showing us what reform could help us achieve.

We're also leading a coalition effort to convince Congress to pass legislation that will ensure Wall Street won't be able to continue gambling with our financial security.

And, even while the recession has made it difficult to think about long-term investments, our staff has been building the case for a fundamental reordering of our priorities when it comes to spending on transportation (i.e., put tax dollars toward fixing crumbling roads and bridges, as well as public transportation—not new highway projects).

Because of the progress I've seen, and because of your support, I'm confident we can speed things up.

*Sincerely,
Steve Blackledge, for PIRGIM
SteveB@pirgim.org*

PIRGIM Citizen Advocate

This newsletter is published three times a year by the Public Interest Research Group In Michigan. You can receive the newsletter through your e-mail. Just go to our Web site to sign up.

PIRGIM

103 E. Liberty, Suite 202
Ann Arbor, MI 48104
(734) 662-6597

Address Service Requested

NON-PROFIT
ORG
U.S. POSTAGE
PAID
BROCKTON, MA
PERMIT NO. 430

PIRGIM

Standing Up
To Powerful Interests

CITIZEN ADVOCATE

VOL. 27, NO. 3

INSIDE THIS ISSUE:

Small Businesses Say "Yes" To Reform • Privatization: Short-Term Gain, Long-Term Pain • Report On Unsafe Toys



Reining In Wall Street

Reining In Wall Street's Abuses

Just prior to the holiday recess, the House passed a comprehensive package of bills that would set new rules for Wall Street.

The legislation includes a PIRGIM-backed Consumer Financial Protection Agency (CFPA) with the power to prevent dangerous financial products—including certain types of sub-prime loans—from being put on the market.

PIRGIM's Federal Consumer Program Director Ed Mierzwinski testified several times before Congress, advocating the CFPA as part of comprehensive financial reform. During a hearing last year at the beginning of our push, Mierzwinski told the House Financial Services Committee that a CFPA "focused on credit and payment products ... targets the most significant underlying causes of the massive regulatory failures that occurred."

To make the CFPA a reality, Mierzwinski and PIRGIM's Washington Office Director Gary Kalman are among the leaders of a



PERSISTENT ADVOCATE—PIRGIM's Federal Consumer Program Director Ed Mierzwinski has testified before Congress five times in favor of new rules for Wall Street.

200-organization-strong coalition that is also fighting for transparency in the \$500 trillion currently traded on so-called "shadow markets" and new rules to ensure that no bank or investment firm is allowed to gamble with taxpayer money.

A companion bill has been introduced in the Senate, and we expect final votes in the spring of 2010. ■

PIRGIM's Mission

When consumers are cheated or the voices of ordinary citizens are drowned out by special interest lobbyists, PIRGIM speaks up and takes action. We uncover threats to public health and well-being and fight to end them, using the time-tested tools of investigative research, media exposés, grassroots organizing, advocacy and litigation. PIRGIM's mission is to deliver persistent, result-oriented public interest activism that protects consumers, encourages a fair, sustainable economy, and fosters responsive, democratic government.

Citizen Advocate Credits

Editor: Steve Blackledge.

Contributors: Justin Boyles, Matthew Curtis, Shaun Gillen, Jordan Jesse, Sara Landis, Ethan Lavine, Annie Mackin, Ryan Moeckly, Leana Nordstrom, Megan Parks, Nathan Proctor, Sam Rothberg, Kara Rumsey, Jenne Turner.

Publications Director: Richard J. Hannigan.

Design: Public Interest GRFX (215) 985-1113. Printed on recycled paper.