

DOUGLAS B. ROBERTS

Interviewed by

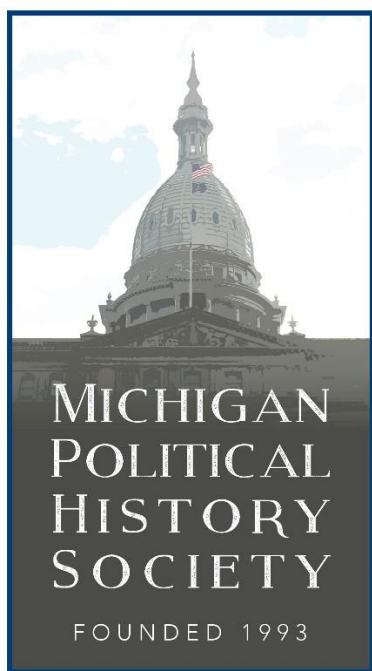
John Lindstrom

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Transcript: MPHS Oral History of Douglas B. Roberts, Interviewed by John Lindstrom, 5.09.18

John Lindstrom This interview is sponsored by the James J. Blanchard Living Library for the Michigan Political History Society.

I'm John Lindstrom and we're interviewing today Doug Roberts, a man who is best known as playing a leading role in Michigan's finance and economic development over the last almost half century and who, if things had gone a little bit differently, might have been remembered as a world-champion duck pin bowler. You were on the circuit for a very brief time as a young man, weren't you?

Doug Roberts John, thank you and I'm glad for the opportunity, and yes, when I was in college I was technically a professional bowler. Now at that time, the rules for the NCAA were that if you accept any money in any sport you were finished so I could not compete in college. Duck pin bowling was in the east coast where I grew up. It is the same size alley but it has very small balls, three pounds ten ounces, and I went to a number of tournaments all summer long. At the end of the summer I decided going back to college was a wiser choice.

John Lindstrom You started in college at the University of Maryland.

Doug Roberts University of Maryland, that's correct.

John Lindstrom You were studying chemistry originally.

Doug Roberts That is correct.

John Lindstrom And so what led you to study economics instead?

Doug Roberts The truth of the matter is that I went to the University of Maryland and I was majoring in chemistry and in my second semester of my freshman year, I flunked out of chemistry. I didn't have bad grades outside of chemistry so I ran over to the business school and took a number of business classes and economics just came very easy.

John Lindstrom After you graduated from Maryland you decided to go on with your education, what brought you to Michigan State?

Doug Roberts I applied to five universities and I applied to the doctoral program in economics. One University offered me money. That was Michigan State. So one could technically probably say for three hundred dollars a month for nine months I got bought. But I got in-state tuition, I was newly-married, I lived in Spartan Village and so I was very pleased with the opportunity to come here.

John Lindstrom Instead of getting into things like finance and some of the more theoretical aspects of economics, you seemed to be interested right-off-the-bat with public finance.

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Doug Roberts I did. My major right away, was public finance, was called State & Local Finance and I ultimately not only got my doctorate in that but I wrote my thesis on state taxes in Michigan, and so I really had a background in taxes from the very beginning.

John Lindstrom Probably a good thing you were already married. I can't imagine writing about state taxes would have been a big pick-up line in bar.

Doug Roberts I tend to think that is probably true, but yes I was very fortunate to be married to a delightful lady.

John Lindstrom Having gotten your doctorate in looking at state finances, is that why you chose then to look at working in public services?

Doug Roberts I went into public service primarily because that was history in my family. If you don't mind, I'd like to go back just a little bit. I grew up outside of Washington DC, in a Maryland suburb. My father was a member of the United States Secret Service. He protected five presidents. He was with President Kennedy when he was assassinated. It was a big deal and that is a story for another day. Public service was a big deal in my family so when I was getting my doctorate at MSU, ironically the two sort of went together because I did not finish my doctorate and go to work. I finished all my exams and I'm writing my thesis, and I get to work for a gentleman by the name of George Montgomery. So I was working for Representative George Montgomery who was Chair of the House Taxation Committee and that's when I finished my thesis.

John Lindstrom George Montgomery, obviously many people will not remember that name or know that name but he was a legend in his own time, not just in his own mind, but in his own time. He was a really an amazing kind of character, wouldn't you say?

Doug Roberts George Montgomery was wonderful and he treated me so extraordinarily. I'm not sure that I fully appreciated it. When you are very young and you have somebody who literally says, "I'm going to be your mentor" without you asking, and he was. He knew an awful lot about taxes. He was not educated in taxes. He was out of the Fifth District of Detroit. He was chair of the Taxation Committee. He taught me a great deal in terms of how taxes work; who the players were in taxes. So I can't say how much I enjoyed it.

There are two stories that I'd like to tell about George Montgomery in addition to all the things we worked on when I worked for him for five years. The first story deals with a completely different world from the world we live in right now, completely different. At that time, chairs of committees were very, very important. You could hardly get an amendment on a bill on the floor without going through the chair. If the chair opposed, the majority party would vote it

down. So I remember sitting next to him, again as a very young person. A representative comes up to Mr. Montgomery – it's what I called him – and said to the chairman, "Would you put this amendment on the bill that is coming up?" George read the amendment. He looked at the legislator and said, "If I put the amendment on will you vote for the bill?" And the guy said, "No." George looked at the amendment and he says, "Yeah, I will put it on." Of course I'm sitting here thinking this wasn't in any one book that I learned. So after the guy left I looked at Mr. Montgomery and I said, "Well what was that all about?" He said, "When a gentleman asks you to do something and then has the ability to say no, his word is good. I can deal with this person. I'll get his vote on something else later." That's a completely different world from what we live in right now. So I learned a lot in terms of long-term thinking, thinking past it. I also learned that how you win is sometimes as important as how you lose, because tomorrow in government is another day. And you have to sometimes think about tomorrow. Regrettably, I don't think that happens very much today.

Let me just continue with Representative Montgomery for just a little longer. While I had the privilege of working for him, we worked on things that people forget all about. One of them was called the Single Business Tax. 1975, we adopt the Single Business Tax. I was a big supporter of it. I was one of the very few legislative staff who understood it and was asked to explain it all over the place, which I did, and it was adopted. In 2006, it was repealed. So that's my legacy on that one. But we also adopted other bills; The Homestead Property Tax Credit. People had been using it, for what, 40 years. We adopted that at the same time, 1974. There is another bill called the Plant Rehabilitation District, PA-198 of 1974. We adopted that. I had the opportunity to be on the ground floor of a number of really remarkable achievements in government. And I was very proud of that.

John Lindstrom I don't want to gloss over this because each one of those was incredibly dramatic to the state finance system, as well as to economic development. You talk about for example, the Single Business Tax. That was a really, really difficult vote to go through was it not?

Doug Roberts It was very difficult.

John Lindstrom Explain a little bit, what was involved here? You were taking what, six separate taxes that affected businesses and turning it all into one? Which on the surface sounds like maybe that is a good idea but it was incredibly controversial.

Doug Roberts It was and the reason is because the whole country of the United States, even to this day, is very used to the issue of the income tax, either for individuals or for corporations – a corporation income tax. And that's what Michigan had. Michigan had a *corporate income tax*, it had a *financial institution income tax*, it

had what was called an *inventory tax* – which was a property tax that applied only on one day on your inventory. We had all sorts of taxes that applied. So what this proposal was, was to basically go off the income tax approach and go to a, we argued, a much more stable approach, which is a very large base and a very small rate. Let me just continue with something. The history of Michigan is a rollercoaster in terms of the economy. We had been going up and down. The change in the individual income tax from year-to-year was like twenty and thirty percent. You can't write a budget when you have that sort of change from year-to-year. So the idea was, "Let's have a little bit more stability, a little less fluctuation, and then that will ultimately be a better system." It was incredibly controversial. And frankly to this day, I will just say it, it had a one-time benefit because of the way it was structured to the budget of something like \$100 million dollars. Today, \$100 million dollars, who's all that excited? That was a big number then. That meant you didn't have to either raise other taxes or you didn't have to cut the budget. So I think that played a bigger role than some of us will admit. It wasn't all, "this is absolutely a better tax." I believe that. But I believe a lot of votes were accomplished because it gave us a one-time benefit. But this was a base which people would look at us and say, "Are you kidding me?" It was: "You took all your wages from salaries. You took your depreciation. You took the interest paid *and* your profits and you added them up and applied a very small number rate." The argument is, it was a tax basically on size. A bigger company paid more taxes, a smaller company paid less taxes. Even though profits were included, it wasn't a *profits tax*. It was a much more stable tax for Michigan and I think for a long time served Michigan well.

John Lindstrom You also had a number of businesses who to some degree have been exempt from an awful lot of those taxes. I remember the hotel industry, for example.

Doug Roberts The ones who really hit us hard were service industries. One of the reasons that I think the Single Business Tax got off on the wrong foot – the businesses that got hit and their taxes did go up – were something called accountants. They're the ones that did the taxes. So when somebody would come in and say, "You don't know how bad this tax is." They made sure to point out anything that was negative in the tax that the business may not have liked. Also doctors, and even my own dentist, decided he didn't like the tax because it raised his individual tax.

John Lindstrom Did he do any extra drilling on you?

Doug Roberts I don't know but I didn't argue with him until it was over.

John Lindstrom You talked about PA-198. We hear an awful lot these days in Michigan but in other states as well about businesses getting specific tax breaks to do developments. PA-198 was one of the first to attempt that, by giving businesses a tax break for locating as I recall, mostly in cities.

Doug Roberts No, it was any place locally. It may have started out (that way), but it was any place that the local government wanted to grant it. So PA-198 is a *tax-abatement* and it was... I know this sounds very strange because I'm not an attorney but I did work hard in taxes. I did work hard in tax law. In some cases the tax is a fifty percent cut. Fifty percent of what? Fifty percent of the value. This isn't a fifty percent cut in mils. Why is this important? Because I believed, still and then... I remember writing a memo about this particular act and saying it'll never hold up in court because the constitution said that property taxes must be uniform. Well this is 2018. It clearly has held up in court so, that is the reason I'm an economist and not an attorney.

John Lindstrom Then you talked about the *Homestead Tax Exemption*. One of the big issues that has driven the state for a long time politically as well as economically, is Michigan's property taxes.

Doug Roberts That's correct.

John Lindstrom The *Homestead Tax Credit* was a very dramatic decrease for many, many people in their property taxes. And it was really the first time the state tried to come up with something to try to help cut property taxes.

Doug Roberts No question about it. It was a direct result of the first attempt to change school finance reform **and** property taxes, which occurred in 1972. When that attempt failed and I'd like to come back to that later if we have time, but when that attempt failed then the legislature said, "We have to address property taxes even if we can't address school finance." And so what they did is they literally tied property taxes to income. This was a brand new concept. So they basically said that, "If your property taxes are too big", and how did they define too big? They said, "Are your property taxes greater than 3.5% of your household income?" And if they were, the state would refund 60%. And for seniors, over and above a certain amount, it was 100% reimbursement. So this was a very important way of tying income and property taxes together and ultimately was upheld as constitutional, but it was very new. I think again, you can agree or disagree but the *Single Business Tax* was the first one in the country for us. It's called a "value added tax" and I worked on that. The *Homestead Property Tax Credit* was one of the first in the country. So I mean I was part even then of some really dramatic changes. Again, I'm very proud of it regardless of what other people think of it. What a neat thing to do than to be able to work on such dramatic changes.

John Lindstrom The man that you worked for during the development of most of those concepts, Representative Montgomery, died a few years after you stopped working for him.

Doug Roberts That's correct.

John Lindstrom You and I were talking earlier and something very touching to you occurred.

Doug Roberts It did, something very touching. I worked with George Montgomery for five years and I left to go to work for Governor Milliken. I'm the Deputy Budget Director for the State under Governor Milliken. I get a call from then Speaker Bobby Crim, who I knew very well. The Speaker called me and said, "Doug" and I said, "Mr. Speaker," and he said, "I'm calling you to tell you that Representative Montgomery passed away." I said, "Thank you Mr. Speaker, I already knew that." He said, "But that's not the only reason I'm calling you." He said, "I'm calling you to tell you that in George's will, he asked that you be one of his pall bearers along with his grandchildren." That was the first time I thought that he thought a great deal of me to put me in that request. Of course I did and I was honored to do so.

John Lindstrom When you went to work for Governor Milliken in the Budget Department, the 1970's seemed to be a period of one recession punctuated by maybe a couple of years of good economic growth going into to another recession, we were starting to see the change that is still not quite resolved in Michigan's economy from a mostly manufacturing economy to something else. What was it like working at that time? You worked with...

Doug Roberts I had various jobs in the Department of Management and Budget when I went over there and before I get into the budget piece, I'd like to just get it on the record, that for better or for worse, I was the very first director of the Office of State Employer. That is the office that now does negotiations. It was not meant for me and I didn't last too long but when I went on to become the deputy budget director under Jerry Miller who was the director of Management and Budget, obviously appointed. They are appointed positions by Governor Milliken.

John Lindstrom And someone who is known by reporters under the nickname of "Dr. Strange Tax."

Doug Roberts That's true too, and that was primarily because of the Single Business Tax. Or "Dr. No." He went under both titles. He was an absolutely remarkable man. I have several wonderful stories about both Jerry Miller and Governor Milliken. Maybe this is a good time to tell them but before I go to that, I'd like to just say your point about the economy going up and down was absolutely true. That's one of the arguments for adopting the Single Business Tax. The economy was obviously dependent heavily on automobiles. So if the autos had a good year, we had a good year. If the autos didn't, the state didn't have a good year. Sometimes it was just very, very difficult to predict exactly what was happening. I've got so many statistics but I want to give you just one. People think about the unemployment rate. How do I put this gently? Michigan's unemployment rate relative to the US was above... the Michigan unemployment rate was higher than the US for like thirty straight years; maybe it was twenty eight, from

1966 almost up to almost 1992 or '93. Remarkable. We were *always* above. Now somebody says, "Well, we have a manufacturing economy." That's true but even in good years, that means every single year, good years and bad years, our unemployment rate... it was a very difficult time. Still we dealt with it the best we could.

John Lindstrom You were talking about Jerry Miller. One of the things I remember during one of the big recessions we had, the state was in such bad financial shape that a proposal was being worked on but never actually made, that I understood that Dr. Miller looked at and that was to basically shut half the restrooms in the capitol complex to try to cut down on the cost of cleaning, soap, plumbing and everything else. That sounds somewhat ridiculous but it is also incredibly inventive.

Doug Roberts Could be and I was not part of it. We had another deputy in the Department of Management and Budget which was sort of head of all facilities. That may have been discussed. I was not in the room and I can't comment on that. I do know that they tried to get rid of paper in the bathrooms to save money on towels and went with air dryers instead and that didn't go over real well either.

John Lindstrom Doesn't that go to the point about, you think of accounting and budgeting as rather dry subjects but Jerry Miller was a really creative thinker in that regard wasn't he?

Doug Roberts Jerry Miller was wonderful. Let me just tell you a story and I think it's a very constructive story and the reason it is, is because it affected my life for the rest of... I'm the deputy budget director. I go in and I say, "Jerry, we have a problem." I don't to this day even remember what the problem was. And he says, "OK." I tell him and he says, "Yep that's a problem." And he said, "What's the solution?" And I said, "I don't know." He didn't smile. He looked right at me and said, "I don't pay you to bring me problems. I pay you to bring me solutions." Now he didn't have to agree with it but from then on, and frankly for the rest of my life, if I ever went to a governor, no matter what it was, if there was a problem, I had a proposed solution. They don't have to agree with it but at least I went in with something and that did change the way I looked at the world. So he worked very, very hard. You got to remember that Jerry Miller was – at least at that time of Bill Milliken's administration, remember he was governor for fourteen years. This is sort of the last part of his administration – Jerry Miller was the governor's go-to person. Not just for budget; I mean for almost anything that was going on. So being the number two person meant that a lot of things were going on. Even though it was a rough time, it was still an extremely exciting time. And, you know, I'm just proud to have worked for somebody like Jerry Miller and particularly proud to have worked for somebody like Governor Milliken. And, if it's OK, I'd like to go on with Bill Milliken.

John Lindstrom Please.

Doug Roberts The time is January of 1982. It's Bill Milliken's last year. The economy is failing off the table – I don't mean declining – I mean it's falling off the table. Michigan is based on the auto industry which at that time was Chrysler, Ford and General Motors. They had a monopoly of the market in the United States. The sales of autos was not only falling, but the *share* of American cars was falling in addition. It was a double hit. We were getting creamed. So Jerry goes to the governor and says, "We have to cut the budget." The governor says, "OK." And we had to issue an executive order. So it was very tough. I won't go through all of the details but we passed it. The budget was cut. Five or six weeks later Jerry Miller goes to the governor and says, "We have to do it again." Bill Milliken was an incredible individual and it was a privilege to have known him, particularly to have worked for him. He never to my knowledge, yelled at somebody. He might, I never saw him. Anyway, he was very stern with Jerry and he said, "Cut more than you need. I am not doing this again." This is a real story. Some period of time later, we didn't have enough. We were going to have to cut one more time. Jerry Miller's in Texas and I have to go explain this to Bill Milliken. They set up his office so that the governor's desk was at one end of the room and my chair was right in front, just me. Then his staff was off to the side. And it was a very difficult... like do people really know what you're doing? I felt terrible. I felt that we had let such a good person down. I really felt awful. It was very clear, it was written all over me that I just felt terrible. And so the meeting was over, we had my orders and I was going back. And Governor Milliken comes up to me and he puts his arm around my shoulder and says, "If I have to stay here, so do you." At least I knew I had a job and I thought that that was one of the most decent things that ever happened.

John Lindstrom You worked under Milliken but you also worked under Governor Blanchard.

Doug Roberts That's correct. As a matter of fact, after the election and Governor Blanchard was elected, I did not know Governor Blanchard. I did not work on the campaign. I was working on the Brickley campaign. He lost to Dick Headley. I'm looking for a job. I have a political appointment. I'm looking for a job. I have a family. I get a call from Jim Blanchard's staff that the governor-elect would like to see me. So I get a one-to-one meeting with the governor-elect. He shakes my hand and he says, "Would you like a Coke?" I said, "Sure". He hands me a twist-top Coke. I'm so sweaty I can't open it but I do not lose it. I said, "Excuse me Governor." I got up. I got a towel. I opened it up. He said, "You've been highly recommended. I'd like you to stay on as my deputy budget director because I need some transition in terms of what's going on." I said, "I'd be honored to do so." And I was. I was very much honored. The budget director who came in at that time was a gentleman by the name of Phil Jourdan. Phil Jourdan lasted about eight months or so and then went on to become the chief of staff for the governor. And the acting director was somebody by the name of Doug Roberts, who really wanted to become Director of Management

and Budget. But because of my stint with the Milliken administration, that was just not to be. Okay. And the person who followed the budget director then was gentleman by the name of Bob Naftaly; very good person, did an excellent job. So I spent a whole year working with the Blanchard administration. But there was some really big stories in that first year.

John Lindstrom You had an income tax increase, a major income tax increase.

Doug Roberts There was. I'd like to go into that because I was there when it happened. You can't talk about Governor Blanchard's income tax without going back one year before, in 1982. In 1982, I talked about the economy falling off. I talked about all the cuts. Governor Milliken, in his very last year, proposed to the legislature a one percent increase in the income tax. Now at this time the world was a little different. You have a Republican governor. You have a Democratic legislature in both the House and the Senate and the governor is not saying he'd sign it. He's leaving. He's going out and saying we have to have a one percent increase in the income tax in order to save the budget. I'm not sure that would happen today but, well, it was very difficult to pass. So the House barely passed it and the Senate took a long time to pass it – I won't go into all of it. Finally, there was a negotiation of one percent for six months which is the same as one-half of one percent. The point I'm trying to make, it's over now, it expires. Now Jim Blanchard comes in. He's got the same budget problem. That income tax increase is expired. That just took care of '82. He proposes to increase the state income tax from 4.6% to 6.35 % for a 38% increase. Well, this is a big deal. Now, I was in the room. I'm not arguing that I was one of the big players, but I was in the room because I had the numbers. I must say I supported the position that if you're going to raise the tax, raise it to what you need or a little bit more. You're not going to gain any good will by saying, "Oh no. We'll stop at 5.5%". If you think you need 6.35%, go for it. Well they did. There were a lot of stories about this. This is a big issue because the world changed because of this event, in my opinion. And it affected my life but I didn't know it. So, I'm out trying to help people pass this 38% income tax. And the first thing, it goes to the House of Representatives. Again, I cannot tell you the difference in the world. Now Gary Owen was Speaker of the House. Gary Owen made it very clear to the Democrats that if a Democrat is on appropriations and doesn't vote for this bill, you're off. If you're a chair of a committee and you don't vote for this bill, you're off. And if you're a member of a caucus and you don't vote for this bill, maybe you ought to find another caucus. It was very clear. So it passes the House with really, very tough language. It goes to the Senate and the Democrats barely have enough votes. Except that one of their members, Gil DiNello said, "Absolutely not!" He will not vote for it. They don't have the votes to pass it. Then a Republican by the name of Harry DeMaso said, "I'll vote for it!" Well it was going to pass by one vote. Now, I know this to be true. I don't remember all the details but six Republican senators went to the Democrats led by Bill Sederburg, and said, "We'll make it bipartisan but we want some changes." The decision was made, and at the time I'm not sure that I foresaw,

nobody else foresaw, what was going to happen. They said, "We don't need to negotiate. We've got the votes and we can pass it." And they did. So they passed it with one Republican vote, Harry DeMaso's. It then became a partisan issue. The reason this is so relevant is because none of us even thought about this. There were two senators who were recalled, Phil Mastin and Dave Serotkin. They were just elected by the way, and they were both recalled by like two and three to one. It was a crush. Why is that important? Because then Minority Leader John Engler now becomes Majority Leader John Engler. And of course the rest is now a little bit of history, but that was a very big moment in time.

John Lindstrom One of the reasons why it changed your life was because now Majority Leader John Engler at one point turns to you and...

Doug Roberts He does. He was Majority Leader John Engler. At this time, I left the Department of Management and Budget and went over to work for the Department of Education. I worked for the Department of Education for a number of years. Phil Runkel was the superintendent. I aspired to become the acting superintendent when Phil Runkel left. That was not meant to be. So be it. Then, I get a call from Dan DeGrow who says, "Would you like to become director of the Senate Fiscal Agency?" I said, "No, not particularly." A little later I get a call from John Engler, the majority leader. He said, "Doug, can I talk to you?" and I said, "Senator, you are the majority leader of the Senate, of course I will talk to you but is this the same issue that Senator DeGrow talked to me about?" He said, "Yes." I said, "I haven't changed my mind." He said, "I just want to talk to you." Little did I know, for the rest of my life, when John Engler just says, "I only want to talk to you," either don't show up or you're gonna end up saying "yes", alright? Low and behold I ended up saying "yes" and I became director of the Sen Fiscal Agency. I was there for less than two years. The election was coming up. Let me just make a couple quick stories about less than two years at that job. First, I had a truly remarkable staff. I mean a staff that to this day I am so blessed to have had. Let me just give you an example. My deputy at the Sen Fiscal Agency was gentleman by the name of Gary Olson who has since passed away. He became director of the Sen Fiscal Agency for twenty years and in my opinion the best they ever had.

John Lindstrom He was somebody that if he told you something, you could take it to the bank.

Doug Roberts He was wonderful. Then, my chief economist was somebody by the name of Nick Khouri, who is currently the State Treasurer. My education specialist was a lady by the name of Ellen Jeffries. She is currently the director of Senate Fiscal Agency. Rob Abent handled Capital Outlay, he went beyond to become Deputy of Department of Transportation. When you have a staff that may have been younger but they were all talented, man! As a director all you had to do is go in and say, "Go forth and prosper." They were wonderful.

- John Lindstrom Gary Olson worked for George Montgomery after you left as I recall.
- Doug Roberts That's correct. I always kidded him that I had to get there first so he could become director because I was always in front of him, as I was a little older. He was wonderful. He did a great, terrific job and I was very proud to have been part of it. There is another story that I want to tell right now, which is a human interest story that is almost still difficult for me to completely explain. When John Engler was hiring me to become director of the Sen Fiscal Agency, I obviously knew how inside government worked. I obviously knew that the elected officials tell the directors sometimes, "This is what I want you to do." But I said to Senator Engler, "Look, you are the leader of the Senate. If you want to tell the director of the Senate Fiscal Agency what numbers you want, like make them higher or make them lower, then don't hire me because I won't do that." He said, "No. That's okay." And he never did. I'm just a person running an agency of which I saw it happen in the House; I saw it happen elsewhere and just told him right up front, "If that is what you wanted, then I was not you're person" and he said, "Fine," and he never did.
- John Lindstrom As you say you were hired for two years shortly before the election of 1990 which surprised everyone. It probably surprised John Engler that he ended up winning. What were your job prospects after that?
- Doug Roberts It was pretty bright because after the election a gentleman by the name of Jeff McAlvey who was one of John Engler's assistants on the floor, came to me and said, "IF, IF, the governor were to offer you a job, would you prefer to be director of Management and Budget or state treasurer?" And I said, "State treasurer." That job was, I'm sorry, it was almost like that's what I was meant to do. It's everything I enjoyed. I had the background for it. Clearly, that's what I wanted to do. So, I ultimately was appointed to become the state treasurer. The state treasurer is an absolute terrific job in so many things. What people in Michigan take for granted but don't understand is the state treasurer position and almost the rest of the country and certainly the entire Midwest, I mean in fifteen or twenty states, is an *elected* position, not an *appointed* position. In fact, it was an elected (position) in Michigan up until the '63 constitution (revision). So therefore, the position is I think, much more significant. It is something much closer to the secretary of the treasury of the present in that you represent the boss, the governor, and you handle a lot of activities. Let me just give one statistic, boring or not: if you take the fifteen or twenty state treasurers around the Midwest and I'm talking about Illinois, Wisconsin, Minnesota, take their staffs, sum their staffs, and double that number, the staff of the Department of the State Treasurer of Michigan is bigger.
- John Lindstrom Really?

Doug Roberts My staff was sixteen hundred. Illinois was eighty-five. North Dakota was five, because they really didn't have jobs to do because they could be a rival to the governor. They ran for governor, many of them. Many of the people that I served with as the state treasurer ultimately went on to become U.S. senators and governors. But in Michigan you worked for the governor. So he kept sending me stuff. He would reorganize and I would end up with stuff that just... I even had a deputy state treasurer involved in K-12 testing when I was state treasurer. Just a completely different job. It's something I thoroughly, thoroughly enjoyed.

John Lindstrom You laid down certain condition on Senate Majority Leader Engler for being head of the Senate Fiscal Agency. Did you lay down certain conditions on Governor-elect Engler on being treasurer?

Doug Roberts That's a very insightful question. The answer is I will never ever get quoted as saying "a condition." I meant no condition. The one with the Sen Fiscal Agency – that was probably a condition. The next statement was not. It was a concern. When I went to meet with then Governor-elect John Engler, and he asked me to become state treasurer, I was going to take it. I wanted it. I said, "I have a concern. And the concern is that I don't think that the treasurer should raise money for you." And I said, "It just seems to me unseemly, that's just for me, to basically call a business ask them to buy fund-raising tickets and then go audit them." The state treasurer is responsible for forty to fifty billion dollars in investments and four pension funds. Obviously a lot of people made money in that. It just seemed to me inappropriate that I could call them up and say, "Buy tickets to the governor's fund raiser." He looked at me and he said very clearly, "You wouldn't be any good at it anyway." I was privileged to be the treasurer.

John Lindstrom You could handle money but not raise it, in other words.

Doug Roberts That's right. And I was never ever included. You can check all the logs of John Engler's meetings. Any time there were meeting on a political issue, particularly raising money or something, I was never included. We used to have a sheet that would have different people's names on it in terms of who's included in the next meeting. I was almost always included on the sheet. I was always stricken. I did not go to the political meetings. I did not go to raising money meetings. I did what I was hired to do which I hope ran well with the Department of Treasury.

John Lindstrom While you were treasurer, the event that you are probably best known for occurred, but before we get into that: the 1990's was an unusual time in Michigan for its economy because, after so many years of the economy struggling, all of a sudden the economy was ballooning and booming. One of the things that you personally went after was triple-A credit rating for the state. And as far as I know, had never happened before. Is that correct?

- Doug Roberts We did have it. It was much earlier on, I mean it was like in the '60s or something. We had it when we were booming but we fell quite a bit and it wasn't anybody's fault that we did. And I worked very hard with the rating agencies. And when I left after my first eight years, we had been raised a number of times in credit rating, we were now up. In to a couple of rating agencies, we were *double-A plus*. That is not triple-A. So I want to just continue this story. I left to go to Washington for two years. While in Washington, Mark Murray became the state treasurer and Governor Engler and Mark Murray were able to convince the rating agencies to go to triple-A. I got a personal call from John Engler thanking me for my work. So we were triple-A. The other issue you've got to remember, we had six years in a row in the nineties – *six* – in which Michigan's unemployment rate was below the national average. It hadn't happened for thirty years. I don't know if it's happened since. I mean, you can say, "That was the time." I will take it – whatever it is. I'm just proud of that record.
- John Lindstrom You alluded to a little bit ago, the first issue dealing with school finance. What you are probably best known for is your role in crafting what became *Proposal A* which changed school finance dramatically.
- Doug Roberts I think that's true.
- John Lindstrom But there's likely twenty years or so dealing with what you first talked about and getting to July 1993 when the Proposal A adventure all began. You were part, in many respects, to all of that because you were not only in finance, at one point you were involved in state education.
- Doug Roberts That's correct. There's one issue I want to lead with. I feel strongly about it but it's so interesting. It's the issue of myth or fact. Everyone; if you go out in the street right now, they will say, "We have a lottery and the lottery was always intended to be solely earmarked for education." I'm really sorry but that's a myth. I was there. Let me just go through my pieces of fact and then I don't care what people say. The vote took place May 16th of 1972. I'd just joined George Montgomery's staff. So they adopted the lottery. What did the language say? The language said, "The legislature shall be permitted to issue a lottery." It didn't say anything about where it went. Alright. Then people will say, "But the ads said it was that." Not true. The ads were very clear what the extra money would go to, and they started with: "K12 comma, public health comma, social services comma, higher ed." It was the general fund. Now here's my evidence that these people don't know. That's okay. I think it was Public Act 239 of that year. An act was enacted that earmarked all the net proceeds to go to the general fund. They say, "Well that just goes to show you, government lied." Who are the two people who I admired so much? One was the speaker of the House. His name was Bill Ryan. The other was the governor of the state. His name was Bill Milliken. These people have tremendous reputations and

ethics, in my opinion. The bill had to pass the House – had to be signed by the governor. They would not have, one; passed the House, or two; signed it if it wasn't what they thought the people were voting for. Later, it became a myth that was intended. Now I will say this, later the legislature gave them some information but they couldn't take the hit anymore after years and years. So they earmarked all the lottery money for education and then took it out of the general fund because the general fund gave it. So, that was a shell game. That was a shell game, but up to that point it was never intended. So, enough of that, I just feel strongly, because I remember even when I was working, I tried to explain this and they just said, "I was just part of government that was trying to mislead the public." Well, I'm not and that's my position and I'm sticking to it.

John Lindstrom And the school finance question was always tied up with the question of Michigan's property taxes.

Doug Roberts Yes, absolutely.

John Lindstrom Of course we went through a number of different property tax proposals; the famous *Tisch Proposal* in 1978, which would have created dramatic cuts in property taxes and it would have affected schools.

Doug Roberts And another one in '80. In 1972, I'm still working for George Montgomery. A Republican governor, Bill Milliken, a Democratic legislature, House and Senate, go to the public to reduce property taxes and increase the income tax. Okay? So the first proposal was not the sales tax we know today, but the first proposal was: Bill Milliken and the Democrats went to the public and said, "Will you support decreasing the property taxes and increase income tax?" Michigan has a *flat rate-income tax*. So there was a second proposal to allow for a *graduated income tax*. The argument was that if the first one passes, they'll cut property taxes to increase the income tax. If the second one passes, they'll increase a graduated income tax. One of the biggest problems – and both failed – and the graduated income tax failed quite badly. The problem was the people who don't trust government said, "So let me get this right. You're going to cut my property taxes today. Increase my income tax. What's to stop property taxes from coming right back and I have both?" Now that might have happened over time but that was a very hard sell. And both went down. That was '72.

In 1980, there was another attempt. Bill Milliken and the Democratic legislature went to the public and had another proposal to decrease property taxes and, this time, increase the sales tax. I'm the deputy budget director. I'm out there trying to sell this puppy. Okay? We got a twenty-six percent "yes" vote. Twenty-six percent. Not good in a democracy. However, some of us geniuses, and you're looking at one of them, convinced the governor, and some of the legislative leaders, that 1980 was a "bedsheet ballot" in November, meaning numerous items were on it; all confusing. You had another *Tisch Amendment*; you had all sorts of things. We said, "Give us a special election. We'll go out

and we'll sell it this time." So the legislature again – I know people find this strange – you got a Democratic legislature (which) needs a two-thirds vote with a Republican governor to go back to the people in the special election. May 1981, Doug Roberts is out there selling this. And now, we do a lot better. We go from twenty-six percent "yes" votes to twenty-eight percent. Maybe we were out of touch, just maybe.

So, in 1987 I'm the deputy superintendent of Public Instruction and the State Board of Education provides a commission for what's called the Harden-Runkel Commission. Ed Harden was the former president of MSU and Northern (Michigan University). Phil Runkel was the superintendent. They had a thirty-six member commission. They came up with some very good ideas. I was chief of staff of that commission. So, I was very much involved in putting everything together. That was wonderful. They vote with 33 to 3 to move forward. Unfortunately, not all votes were equal. One of the three was the MEA and politics stopped it. The reason that that is an important story is, I put that commission report in my drawer and I pulled it out later. So in 1989, there were other attempts. It failed. The one issue I do want to bring up however is that in 1989, Jim Blanchard was governor. He tried to come up and solve the problem of school finance. And to this day I give him credit for trying and I'd like to just explain it. What's the problem with school finance? What are we trying to solve? I mean, if you don't understand that - we have 500 school districts. We have some with very low income, and some with very high income. We have great inequity and it was getting worse. So what's the solution? Well the two obvious solutions are, one; you cut the spending at high-spending districts, not politically going to fly, or you raise enough revenue to raise the lower-spending districts up. We all said, "You can't do that." So in 1989, Jim Blanchard went to the public and said, "Let's increase the sales tax from four to four and a half cents, earmark the half a penny for schools, and try to bring up the lower." He went right at the issue and said, "We can solve it that way." It got absolutely creamed. I went out trying to explain that proposal. I'm sorry. I'm going to say something not very nice. One of the questions I got every time and I got tired of answering it, "How do you collect a half a penny?" It just burned me up. Well, I don't know. How do we collect four cents on a dollar and eleven cents? You round it up and down. I got it every time. So, I gave him credit for that. Alright, that's over.

Now we have an election. Jim Blanchard is running against John Engler. I am now head of Senate Fiscal agency and John Engler is running on the issue of cutting property taxes. I mean, that is what he is running on. Seventeen thousand votes later, he wins! Very unusual, okay? So, he starts out by saying, "I'm going to cut property taxes." Whoa! The House is Democratic. The Senate is Republican. John Engler is a conservative Republican. Of course, given today's language, I don't know if he has moved into the moderate range or not. Anyway, he's a conservative Republican and the House wasn't going to give him a property tax cut - just wasn't going to happen. So the governor collected signatures. We went out to the public. We have something called "Cut and Cap" and I went out to sell it. It was a twenty percent cut in property taxes with what we argued, a lot would be made up, but the language didn't guarantee it.

So it was a twenty percent cut basically with no guarantee there was going to be a make-up. It failed - but wait. It failed 41 to 59. Now in most democracies, 41-59 is a crush. Huh uh, every organized group opposed that and you still got 41 percent? There was something out there. People were really upset. So that was in 1992. In 1993, John Engler called the MEA. They got together. I helped negotiated the deal. Now we have an agreement between John Engler and the MEA to increase the sales tax and decrease property taxes. Shoot, we've got it covered. We're gonna win. We go out and we lose. It was closer. It was 46 or something to 54, but we lose. I'm not sure I can give a good explanation for that.

John Lindstrom I remember on that particular election night at the headquarters, and everyone was quite stunned.

Doug Roberts We thought we were going to win. Politically we had all the groups. My explanation after the fact, I mean I'm being a Monday-morning quarterback here, even though I was in there and thought we could do it, there were a certain number of the percentage of the population that didn't want to change anything. They liked what they had. And then, unfortunately, maybe that was one of the beginnings of a society that we are now living in. That is that people really didn't like people. This was the beginning of either distrust or, "Anything you're for, I'm against." There was a number of people who disliked Governor Engler, and if he was for it they were against it. But wait a minute, there were a number of people who didn't like the MEA. And if they were for it, another group of people were against it. So (when) you put those all together, it failed and so that was it. We were done. We were not going to pass it again, and that was the end of, literally, my lead up to Proposal A. The reason that was so important is, with all due respect, I don't think there is anybody in this state that had worked harder, understood more of it, who wasn't in a position to try one more time to get Proposal A ready.

John Lindstrom And we get now to Proposal A, and as you say, the lead up to that was, on that fateful night in July 1993, the Senate was actually prepared to vote on a bill, that had passed earlier. It was a certain percent cut in property taxes.

Doug Roberts It was Senate bill one, that's correct.

John Lindstrom Senate bill one. It was passed by the Senate, it was passed by the House which was an unusual situation because the House was an even split.

Doug Roberts That's correct.

John Lindstrom The 1992 election resulted in 55 Republicans and 55 Democrats. You had shared power. And, it had come back to the Senate to confirm, essentially, the changes the House made. John Cherry who was the Democratic Leader, went out to dinner with Bob Emerson. Wrote out on a cocktail napkin a proposal to

eliminate all property taxes. Handed that to Debbie Stabenow in a caucus meeting. You guys knew about it.

Doug Roberts Well, let me tell you, I was in the room. You just told me something I didn't know about who wrote on a cocktail napkin, but I will say where I was and what I can attest to. I'm in the meeting with Governor Engler. At that time the Majority Leader was Dick Posthumus, and he came to see the governor and I'm in the room. And he says that then-State Senator Debbie Stabenow is going to make this motion, and the argument is pretty interesting. The argument is that this was a twenty percent cut in property taxes with basically no guarantee of a make-up. If that's good, then a 100% cut and no make-up should be better. Alright? I have a great deal of respect for now-U.S. Senator Debbie Stabenow. Whatever she says, I saw this as just a political maneuver. That's what I saw it as, and even said so, but it doesn't matter. And their argument, in my opinion was the Senate would either vote it down or certainly the governor would veto it, because this is seven billion dollars in property tax. So, Majority Leader Senator Posthumus says to the Governor, "Governor, will you sign it?" And I remember, now other people that can remember it differently, he said, "That won't happen. They won't make it." To Senator Posthumus' credit he said, "That's not what I'm asking. I'm asking if it comes to you, will you sign it?" He said, "I will sign it." I think there was only one head that hit the desk and that was mine.

John Lindstrom Well you all of a sudden have a seven billion dollar problem.

Doug Roberts Exactly. Now the problem is... You see I'm a technician, alright? I think I'm a good one. I hope people understood what we just did. Between now and December we can change our minds and look silly but we can just say we didn't mean it and get the taxes back. But after December it was my belief, and still to this day, you have lost seven billion dollars. You can't make it up. Somebody says, "Well you can make it up, you can raise other taxes." You see this is where a technician come in. No, not true. What do you mean not true? We had what was called the "Headlee Amendment." The *Headlee Amendment* limited the total amount of taxes relative to personal income. However there is a clause in the Headlee Amendment that under emergency situations you could exceed that. Fine. We're going to need a two-thirds vote to use the emergency clause in the constitution, to double the income tax. Really? I didn't know if we could do it or not. But in any event, within 48 hours, it was the law of the land. We had now abolished property taxes. Seven billion dollars were gone and we needed a new proposal.

John Lindstrom I'm just curious, during that night in the Senate when it was being debated... as a reporter who was there, one of four reporters who were there, it was an amazing situation. This was going on, the public had no idea. In fact the governor held a very quick impromptu press conference at about 10:45 in the evening. One of the local TV station showed up. I was over in my office getting ready to write up the story. As soon as the TV news came on every light on my phone lit up with people calling saying, "What actually just happened?" I'm just

curious, were you sitting back, in whatever little cubbyhole closet, wherever it was you were during the night of the debate saying, "Please don't pass this, please don't pass this, please don't pass this, please don't pass this?"

Doug Roberts No, I didn't. I don't remember that. I don't remember watching them. You got to understand that if that's what they were going to do, then I guess that's what they were going to do. I will say this, I was almost always... I always had a position that if my first idea doesn't work I had a backup. I wasn't sure where to go. This is a very, very major issue and it was going to be... I'd just hoped they knew what they were doing. And I do believe to this day that you can characterize what happened as one of the first games of "Texas Holdem," which is "all in." I mean we were either going to solve it or we were going to look awfully bad. I don't think most politicians would be willing to play that today.

John Lindstrom And it wasn't just Michigan that was looking at it. I remember going to the National Governors Association meeting, that took place a few weeks after this, and the governors there were all rather astonished and kept saying, "How could you guys do this?"

Doug Roberts I would never recommend eliminating beforehand. But if I could go on with Proposal A?

John Lindstrom Yes, and that raises a very good point because the governor signs the bill at a big ceremony down at Dearborn... Henry Ford Museum...

Doug Roberts Henry Ford, that's correct...

John Lindstrom And, he turns to someone to say, "Come up with a proposal." And that person was?

Doug Roberts The governor called me before that, and said, "I'd like you to lead my team in putting a proposal back together again." And I said to the governor, "You know, I want to do this. I have the background, I can do this." And I said, "How do you want to proceed?" He said, "I want a commission". I said, "Governor, you can't have a commission. I've done commissions. I've told you about the Harden-Runkel Commission. You can't meet in 60 days, if that's how much time I had." He said, "No, you have 65 days." I said, "No, you can't do it in 65 days." And I said to the governor, "I can tell you what I can do. You give me the best people in state government, I'll give you their names, and we'll work seven days a week and we'll make it happen for you". He said, "Okay." And some of the people... Mark Hilpert was very important, Nick Khouri was very important, Mike Addonizio was very important. These were some of the best, in my opinion, the best in state government. We did work seven days a week. Only about a half a day on Sunday. And we came up with a much more far-reaching report than I think people expected. What we ultimately proposed to the governor, and then he ultimately recommended it to the legislature, was really three sections, and

people forget this. The first section was school reform, the second section was school finance, and the third section was state and local changes. Property tax changes, people forget about that. So the first one was school reform. That was the beginning of the discussion on schools of choice, charter schools, and all sorts of things.

John Lindstrom In some respects it has become, historically, one of the biggest impacts of Proposal A.

Doug Roberts And then the next issue was, "How do you put school finance back together again?" Listen, this is a very difficult issue, but I learned, and I'm very serious, I learned from the Harden-Runkel Commission, because the Harden-Runkel Commission came up with the key to school finance reform politically. It was a very simple key, but they came up with it and I just stole it and put it in my drawer and pulled it out (later). I went through it before. What was the problem with school finance? You had poor districts and rich districts and you couldn't figure out a way. Well then, don't do it right away. Use time to solve the problem. Keep higher-spending districts from running away, that is give them a little bit of an increase, but cap their increase, not their cut. And give any increases to the lower-spending (districts), and close the gap over time. And that's exactly what we did. It came from the Harden-Runkel Commission. It's like I already had a plan tested in the drawer, and just pulled it out. We talked about a number of issues. Nothing in terms of homestead property taxes, we now have six for schools, but we didn't have that. When I wrote it, I wrote a four percent transfer tax on property. Well the real estate industry went ballistic, so we had to back off. And we needed money, so I said, "What's the difference between paying it every year or paying it once, when you sell the house?" You know, "If it is going to be on the house, do you want a little every year or do you want a lot all at once?" And they said, "We want a little each year." I said, "Okay." So we backed off. But the reason that was important in my life, is because we recommended in that report, the elimination of something called the State Tax Commission, because we were going to eliminate the need for the State to be in the property tax business at all. It would be entirely local, and locals would run it. Well since then I've ultimately been on the State Tax Commission a long time. So there is a little bit of humor in terms of that.

John Lindstrom You were writing yourself out of a job is what you're saying.

Doug Roberts One issue I want to get on record again, is state and local finance in terms of property taxes. We proposed at that time, to locals (local units of government), that they receive something called "statutory revenue sharing." And we said, "Not *constitutional* (but) *statutory* revenue sharing – we're going to eliminate it." Ooh, they didn't like that. I said, "But we will give you the authority to levy property tax by a vote of the elected officials only. Not a vote of the people. That is, if it's a county tax, the county commissioners can vote for it. If it's the

city, city council. The local officials can vote for it.” Now of course, the locals decided they didn’t want any part of it. We wanted the school finance first, so we dropped it. I’m telling you that it wasn’t but a couple of years later the legislature eliminated all of statutory revenue sharing. They (local units) had the opportunity and they walked from it. And I just want to remind them for history, that we gave them the opportunity and they said, “No, why should we be forced to vote for a tax when we get statutory revenue sharing for free?” And then they lost it.

So, in any event, in 65 days we put it together. The governor went before a joint session of the legislature, I think it was something like October 5th, and he delivered it. And now I cannot say enough good about what I thought was the best of the legislative process. I mean that as sincerely as I can. As you pointed out earlier, the House was 55 - 55. I didn’t think it would ever work. Paul Hillegonds and Curtis Hertel, Sr. were the two co-speakers. I don’t think it ever worked any better. They were two remarkable gentlemen. They ran the House. They just did a terrific job, but with neither party having a majority, and we are trying to rewrite school finance and we need a two-thirds vote to put something on the ballot, are you kidding me? This is like impossible. The House appointed a 14-member committee, seven Republicans, seven Democrats, and they worked very hard to try to come up with amendments to our proposal that would make it more palatable to them. The Senate also worked on it. The one issue about some of the ultimate outcomes is obviously, we have a six mills nil on homestead property. We didn’t have that before. We also have a situation in which people ask me, “Doug, why did you write what we now know as the five percent cap, on property tax?” That is, taxable value can only go up by 5% or inflation, whichever is less. And the answer is I didn’t write it. We did not propose it. That was part of the legislative adjustments. It was proposed in the House, by Karen Willard, a Democrat. You’ve got 77 votes in the House. Remember there are only 55 Democrats and 55 Republicans, and it was put on. We supported it, I’m not running from it, because we thought it would help us pass it but it wasn’t something we proposed. Everybody has got a little finger of that in terms of what ultimately went (through). Now, the Democrats to their credit, said to the governor, cause I was in the room when they came, “Governor, as you know, every one of these proposals, which is a sales tax increase and a property tax cut, went down to defeat. What happens in our special election, which is in March, if we go down in defeat? We lose seven billion dollars in taxes.” So they said, “We need a backup plan in case you fail.” And I wasn’t sure we were going to pass. I think Bob Emerson was a State Representative at the time, came in and was making a case for the House Democrats and said, “We want an income tax as a fallback.” Now remember, they really want to pin the income tax on John Engler because of the recalls and everything else. So, John Engler is listening and he says, “Fine”. And they said, “Now you understand you have to sign all these bills before the vote? You can’t wait until after the vote.” He said, “Yes, I understand.” So, we are going to sign all the backup bills to both our plans, the constitutional plan, and the backup plan. Which was basically a six percent income tax and some other differences,

and if one failed then the other one would become law. Bob Emerson leaves. I look at the governor and said, "Why did you agree to that?" And he said, "Because if I can't defeat an income tax with a sales tax, shame on me." Whether you like it or not, we ran against the income tax. Now we ran against something else, we ran against tobacco. The irony, the irony of the tobacco story is almost beyond comprehension.

John Lindstrom And, for people that don't know, they literally put millions and millions of dollars into an effort to defeat Proposal A.

Doug Roberts That's correct, but let me tell how this happened. I was involved at the very beginning. The governor was proposing increases, I wrote it, but we were proposing increases of the cigarette tax from twenty-five cents at that time, to seventy-five cents (per pack). It's a big number, okay? And I remember being in the meeting with Governor Engler and Mike Murphy, who was a professional (media consultant)... And I said to the governor, "Governor, let's drop the cigarette tax proposal." And I said, "The tobacco companies are going to spend four to five million dollars trying to defeat us. It isn't worth this issue. We need to pass Proposal A." Mike Murphy was spot on. He said to the governor in my presents, "Doug is almost right." He said, "I've been involved in some of these campaigns in other states. Let 'em, and we'll run against them." And lo and behold you have the MEA opposing us and their side-kick is the tobacco companies. Now how you maneuver that is just because the backup proposal was an increase in the cigarette tax from twenty-five cents to forty cents. So the tobacco companies prefer that over increasing it to seventy-five cents. Well, I'm telling you I never saw something play out that way. They would have an ad, the ad may have even had a point. What would be our response? Well, look who's paying for it; the tobacco companies. And the thing passes 69 to 31. It was a stunning achievement.

John Lindstrom The 69 to 31 is when you are talking about the public actually voted on the proposal in March.

Doug Roberts Yes.

John Lindstrom But let's not get right there right away. There's a couple of points to bring up. It was an incredibly intense time.

Doug Roberts Yes it was.

John Lindstrom I mean, as a reporter I was putting in sixteen to eighteen hour days, sometimes more than that. And you had a particular issue going on at the same time. A particular personal issue and I don't want to be too melodramatic about it, but

while you were working on Proposal A, you honestly occasionally thought you were going to die.

Doug Roberts I did. I think it was in October, I'm in the middle of this issue and I'm diagnosed with a brain tumor. Fortunately it is not a "Senator McCain brain tumor." The doctors... I mean we weren't sure because you have an MRI, you have a brain tumor, you're not exactly sure. But I went to enough (specialists), and they were reasonably certain that it was a non-malignant brain tumor, but it had to come out because it would affect... But it's slow-growing and so I was going to risk a lot, but we weren't completely sure and I said, "I want to finish this." And so, obviously I told my family and I told the governor, but nobody else knew. And so we finished everything we needed to do and the only time that that health issue became at all an item, was after the thirty-hour session, which is like the day before Christmas. I'd been up. I'm really tired. Everybody's tired. The governor gives a press conference on what was just accomplished and John Truscott comes to me and he's handling the Governor's press, says, "The Governor would like you to give a press conference on the details." And I said "no." He said, "No, no, the governor..." I said, "Tell the Governor 'no.' I won't do it, I can't do it." I was afraid I couldn't keep it together, because I wasn't sure I was coming back.

John Lindstrom I remember you telling me once that you felt quite emotional. You really thought you had accomplished this, and this might be the very last thing you'd be remembered for.

Doug Roberts Remember any time they start poking around in your skull, it isn't necessarily that you don't come out, but you may not have the job again. You may not be the same person. I mean, anytime they start punching around in there you don't know what is going to happen. So, yeah, I thought this may be the last thing I ever did, and frankly I was very proud of it and I still am.

John Lindstrom What's astonishing to me is I remember being continually exhausted during this period of time, as a reporter. I can't imagine what you must have been feeling. How did the situation with the tumor... were there times you thought, "Screw it, I'm not going to do this anymore" or did this just say to you, "I have to do this, I have to do this?"

Doug Roberts Yes, it worked exactly the other way. I don't have a second chance. I have to do this. Yeah, it was more of... it was an encouragement that there is no choice, "You are going to do this."

John Lindstrom And now it will be twenty-five years this July, from that fateful night. How would you assess Proposal A overall?

Doug Roberts Let's put it this way, I would give it one thing. I think Proposal A has been enormously successful in this sense: first, schools are open. What do you mean

“open?” People forget in 1993, just prior to Proposal A, Kalkaska (Public Schools) closed. Because people said, “Well people won’t ever do that.” You had to vote school millage. If you could vote “yes”, you can vote “no.” And Kalkaska was running out of money and they went back to their people three times, and the people said “NO!” So they closed. So at a minimum, we’re open. What we basically said with Proposal A, the fundamental premise, is that every child is entitled to a fixed amount of money whether or not the school district they live in wants to provide that amount. It’s called “foundation.”

So, everybody got at least that amount, and somebody said, “Well that wasn’t that big of a deal.” It’s a huge deal. The inequities are much, much closer. Yes, we still have some inequities and maybe some are arguing that that’s enough. But there isn’t any question about it, I think it’s much fairer and in my opinion, getting more fair. The higher-spending districts correctly are, and they’ve told me this, “Doug you ruined us. You limited our ability to increase our spending” – which we did by constitution - and that, “We can’t even keep up with inflation.” And that is true. What do you mean? If we allowed the highest-spending districts, even to go with the rate of inflation, the state would never have had enough money to bring up the lower-spending districts. We had to slow them down if we were going to allow the lower-spending districts to get closer. And yes, it was a conscious policy decision.

John Lindstrom But there are still some aspects of school finance that I know bothered you for a long time...

Doug Roberts Oh, yes.

John Lindstrom ...and this gets a little technical, but this gets into school districts being able to raise funds for buildings and construction.

Doug Roberts Yes, very important. Yeah, it’s called “capital outlay.” You see what we did not include in Proposal A, and we talked about it, but we said we were doing the operating millage for schools. We did not include capital outlay, because we just thought it was too big. We had a big-enough item to swallow. What capital outlay really does, the reason it is so unfair, even to this day and no-one seems to care and I can’t understand that, but so be it. If you take East Lansing Schools, which by the way is not much different in size than Haslett, and East Lansing wants to issue say, a bond issue. Whatever the bond issue is, the millage rate in East Lansing will be less than half what it is in Haslett. For the same bond issue, for the same number of students, simply because the property value in East Lansing is so much bigger than it is in Haslett. That’s just not fair and yet nobody seems to care. So yes, we left that on the table, and I do feel bad about that, but I’ve even tried a couple of times to come up with ideas on how to address it. It’s just, that’s for another day, but it’s unfortunate. We did not address school finance reform, and my defense of what we did adopt in Proposal A is if you agree with me, and if you don’t, I guess it doesn’t matter. If you agree with me that the way we financed capital, or capital outlay, or

buildings is unfair, then all you were looking at is that you would have had it for operations as well if we wouldn't have changed it under Proposal A.

John Lindstrom And you mentioned a little bit ago that you were gone for a while and Mark Murray was Treasurer.

Doug Roberts That's correct.

John Lindstrom You went to Washington and you came back.

Doug Roberts That's correct.

John Lindstrom And the governor asked you to be treasurer again?

Doug Roberts That is correct.

John Lindstrom And things were starting to change a little bit. We had not yet, but shortly thereafter we were attacked on September 11th, 2001. We went into a recession. Now you have a different problem that you have to face – one that you're familiar with from earlier times. How did those last couple of years with Governor Engler work?

Doug Roberts I was very honored that he asked me to come back. I obviously was excited about joining his team again. Obviously I did not see what happened in terms of the attack on the World Trade Center. I was off on some sort of conference. I talked to the governor the day it happened, and he basically said, "Would you give me a quick review of what you think is going to happen with the economy?" And I said, "Governor you don't want my opinion on that." And I said, "Do you think people are going to buy cars after this? They don't know what is going to happen. Cars are going to tank." And I will say the one who saved us was General Motors, and this is the reason: That was the very first time General Motors had interest-free loans, and people went back to buy cars. But it was going to be much worse than it turned out to be. It was a difficult time but we worked through it. It was a real privilege to come back for a second run.

John Lindstrom And when Governor Engler left you went to Michigan State University, but that didn't end your time serving governors.

Doug Roberts No it did not. I've been really privileged and honored to continue my service to state government. Governor Engler appointed me to the State Tax Commission, a position that I to this day hold, which means Governor Granholm reappointed me and Governor Snyder has reappointed me. So I'm very honored to have appointments from all of those governors. Also Governor Engler appointed me to an eight-year term as a member of the Board of Trustees of Northern Michigan University. And so, I still continue to serve in different capacities. It

will end this year, and I've just been privileged to end up serving for five governors.

John Lindstrom I want to make a point that you've said many, many times during this interview – that you were privileged, you were honored to have worked with different people, to have worked in the positions that you did. You talked earlier-on about public service with your father, who started with public service in the Secret Service. That's continued. Your son John was Budget Director.

Doug Roberts That's correct. This is important. I'm glad you raised it. My brother – I only have a single sibling – my brother was a Navy pilot, and flew what was called a P-3, and chased Russian submarines. My son John was a special assistant to George W. Bush and later (Michigan's) budget director. My son Doug worked for the legislature and is now an executive with Consumers (Energy). My stepson Pat is a teacher in East Lansing and a member of the Grand Ledge School Board. My stepson Ryan is an emergency room doctor and also a member of the Michigan Bar. I have four wonderful daughters-in-law and seven grandchildren. I have a remarkable family. And a lot of them are carrying on the whole issue of public service.

John Lindstrom And why is public service so important to you? I mean, you're a bright guy, you could have gone on to Wall Street or someplace like that and made a ton of money.

Doug Roberts You know the answer is, it's a very good question, and I thought I wanted to do that. And when I went to Washington I worked for a private company. I made more money and it just didn't seem the same to me. I know this may sound strange and maybe even it's naïve. I really went to work thinking that I can make things better. And that was a very high motivation for me.

John Lindstrom And with that as a motivation when at some point, somebody sums up your life, sums up your career, what is it you want them to say?

Doug Roberts I was a good public servant.

John Lindstrom I think that people will say Doug that you were a good public servant. Thank you very much for taking the time today. Thank you for inviting us to your home. Thank you again to the James J. Blanchard Living Library for the Michigan Political History Society. We encourage you to not only watch this video, but all the videos that have been provided by the Political History Society. I'm John Lindstrom. Thank you and good night.

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