

A 2006 Policy Primer: *Issues in the States*

In Washington, it's easy to forget that not all important policymaking takes place on Capitol Hill. Many policy innovations and reforms are driven by the states. With that in mind, The Insider asked leaders of state-based think tanks to offer their insight and commentary on the most important policy issues they will face in 2006. Here is a sampling from the states.

FROM THE ARKANSAS POLICY FOUNDATION:

Education reform, fiscal policy, and health-related issues are the most important policy matters Arkansas will face in 2006. The dramatic failure of education policies advanced by Bill and Hillary Clinton in the mid-1980s was underscored again in December 2005 when the Arkansas Supreme Court held the state's system of K-12 school finance unconstitutional. The Clintons raised taxes, including the regressive sales tax on food, and increased K-12 spending but did not enact strict accountability measures. In recent years, Arkansas legislators have created a uniform K-12 accounting system and expanded charter schools, a reform embraced, to his

credit, by Mr. Clinton. More K-12 reforms are necessary. Arkansas must also lower its high tax rates on capital investment, curtail government involvement in health insurance, and introduce market-oriented reforms if the state is to escape its perpetual rank of 48th or 49th place in federal per capita income statistics.

—www.reformarkansas.org

FROM THE INDEPENDENCE INSTITUTE (COLORADO):

The Independence Institute recently established the Property Rights Project (PRP) to serve as Colorado's premiere educational voice on land use issues, including eminent domain and urban renewal abuses. In early 2006, we will be issuing PRP's first report, an analysis of land use abuses across Colorado. The Independence Institute also looks to initiate a dialogue about the appropriate free market response to immigration policy. It is imperative that immigration policy reflects the needs of a free market economy while maintaining the integrity of our founding documents that serve to protect the sovereignty of U.S. nation-



hood. Finally, advancing school choice and accountability in K–12 education continues to be one of Colorado’s top three challenges. Our Education Policy Center will build upon its series of issue papers on innovative school choice programs to promote the successes and benefits of school choice.

In the wake of the passage of Referendum C, the forever tax increase that shot a hole through Colorado’s Taxpayer’s Bill of Rights (TABOR), the role of the Independence Institute as Colorado’s fiscal watchdog became more important than ever. Special interest groups who benefit from expanded government spending are now fighting over the additional funds. Furthermore, groups that weren’t promised additional revenues, like the Department of Corrections, which is dealing with an exploding prison population, also require massive amounts of state dollars and threaten to further the expansion in both the size and scope of government. We plan to monitor the state’s budget; to educate residents and legislators on fiscal responsibility; to expose waste within government; and to hold accountable the stewards of taxpayers’ dollars.

—*www.i2i.org*

FROM CITIZENS FOR CHANGE! (CONNECTICUT):

Property rights, education reform, and tax reform are issues that Citizens for Change! (CFC) will be working on in 2006. America’s Founders believed that property rights were essential to individual liberty and the pursuit of happiness. Therefore, the right of every individual to own private property was embedded in the U.S. Constitution. This inalienable right is under attack by lawmakers seeking increased tax revenue. CFC has developed the “Private Property Protection Pledge” for use in every state to stop inappropriate eminent domain takings.

Every year, taxpayers are told more money is needed for education. Yet, student performance does not increase along with spending increases. As recently reported, America’s high school seniors performed below the international average for 21 countries on tests of math and science knowledge. CFC is undertaking a complete review of education to restore American competitiveness and enhance our standard of living.

High tax rates discourage growth. Excessive and discriminatory taxes discourage savings and investment. And, tax code complexity exacerbates the tax burden. To achieve the greatest economic growth, CFC pursues permanent tax cuts, reduced personal and corporate income tax rates, and a shift to a simple and fair flat tax across all levels of government.

—*www.cfc.us*

FROM THE JAMES MADISON INSTITUTE (FLORIDA):

Florida still embodies the blithe spirit of Ronald Reagan, who changed the face of conservatism from dour pessimism to sunny optimism. Sadly, he’s not around to cheer up conservatives brooding about trends ranging from soaring deficits to President Bush’s sagging popularity.

The GOP’s failure to control federal spending and entitlement growth is particularly disappointing. It’s as though tax-and-spend Democrats passed the torch to borrow-and-spend Republicans. Fortunately, conservatives can find a ray of sunshine in Florida. As Governor Jeb Bush enters his final year in office, his job approval rating remains high despite constant attacks by unions and the liberal media. Under his leadership Florida has reduced taxes, used testing and parental choice to improve education, privatized some governmental functions, and begun reforming Medicaid.



What's left for 2006? Three main goals: Preserve education's gains, push for tort reform, and change the petition process for amending the state constitution. Achieve those goals, and even conservatives could smile.

—www.jamesmadison.org

FROM THE GRASSROOT INSTITUTE OF HAWAII:

The continued existence of legal race-based group privileges in our society is abhorrent to the founding principles. It has given rise to the proposed Akaka bill in the U.S. Congress which would make Native Hawaiians a “tribe.” The whole problem is rooted in political appeasement. Counter-appeasement takes political spine and that must start with the people of Hawaii having a say (by vote) on the Akaka bill. It should end with the termination of all Indian or other preferences, making us first and all and evermore Americans with preferences based on content of character.

Election fraud or the potential for it is a burning issue. Unlimited absentee voting, lack of standards such as the absence of ID checking, and motor-voter and similar laws are all invitations to destruction of participatory government. We must insist on standards, honesty, and strict election oversight.

Our own quiet, persistent development of freedom networks via State Policy Network, Americans for Tax Reform, and The Heritage Foundation is a major positive issue that will form the basis for solving every major problem. We must redouble our efforts. The tipping point will come.

—www.grassrootinstitute.org

FROM THE ILLINOIS POLICY INSTITUTE:

Improving the job market, meeting the state's pension fund obligations, and reforming Medicaid are the three major issues facing Illinois. According to the Public Research Institute and

Forbes magazine, Illinois ranks 46th in business climate. Over the last two decades, Illinois's economy has consistently lagged behind most of the nation in job and GDP growth.

Illinois ranks 50th in unfunded pension liabilities, and those liabilities will pressure every other area of the state budget for the foreseeable future. Eighty percent of new revenues over the next five years will be consumed by the state's public employee pension funds.

Next is Medicaid. The program is unsustainable—doubling in cost every nine years, and that is before Illinois Governor Blagojevich expanded the program by 300,000 enrollees and rammed through his “All Kids” program that makes every child in the state Medicaid-eligible.

—www.illinoispolicyinstitute.org

FROM THE PUBLIC POLICY INSTITUTE (IOWA):

Make permanent the federal tax cuts scheduled to “sunset” and cut some more. Tax cuts have proven to be a win-win—they grow the economy which in turn increases government revenues to be used for constitutional purposes like defense, protecting against terrorism, and getting control of our borders, etc. Future spending programs should all have sunset provisions, but no tax cuts should.

Confirm Judge Alito to the Supreme Court and any more constitutionalists whom President Bush nominates so the judicial branch can start to reverse the growth in federal power it has created since the Warren Court.

Replace all current federal health plans with universal Health Savings Accounts, with vouchers for veterans, federal workers, and the poor. Create incentives so that you monitor what you spend on healthcare and allow tax-free savings. Allow portability and an incentive for the healthy to buy low-cost, high-deductible plans.

—www.limitedgovernment.org

**FROM THE BLUEGRASS INSTITUTE
FOR PUBLIC POLICY SOLUTIONS
(KENTUCKY):**

Abolish the new Alternative Minimum Calculation (AMC) that passed last year in our state. It was sold as a revenue-neutral provision, but it will boost revenues more than double what was anticipated. More than 50 percent of Kentuckians live in border counties, and small businesses are already exiting because of this new tax. Sold as a “JOBS” program by Governor Fletcher, it is an anti-jobs revenue-grab in reality.

Terminate Kentucky’s prevailing wage provision, which requires bogus wage rate calculations that increase its school building costs by 20–30 percent. Opposed principally by the education establishment and unions, ending this preposterous calculation will enable Kentucky to build five new schools and get another one for free.

End the “adequacy” lawsuit for education funding brought by public school superintendents in hearings at the Kentucky Supreme Court. The Texas judiciary had it right when it recently declared, “More money does not guarantee better schools or more educated students.”

—*www.bipps.org*

**FROM THE MAINE HERITAGE POLICY
CENTER:**

Despite the TABOR setback in the 2005 Colorado elections, the conservative movement must continue to embrace tax expenditure limits (TEs) as a means of limiting government growth. Through the citizens’ initiative process, Maine voters will have the opportunity to pass a statutory TEL. Enacting that legislation will be a major focus in 2006.

In 2006, Maine policy leaders must address health care reform, specifically, bringing under control a burgeoning Medicaid budget and

making private health insurance more affordable through the elimination of guaranteed issue and community rating mandates. Due to Dirigo Health and the political handicap it poses, the best opportunity for lower health insurance premiums in Maine, may come from possible changes in federal law that would allow for association health plans and interstate purchase of health insurance.

Tax reform has already become a leading topic, with a proposal circulating that would reduce the personal property tax on business equipment. While lowering the business equipment tax is important, comprehensive tax reform must address Maine’s highest-in-the-nation tax burden by lowering the top income tax rate of 8.5 percent for incomes greater than \$17,350 and align the state tax code to the federal tax code on the health savings account (HSA) deductions and the death tax.

—*www.maineconomy.org*

**FROM THE MARYLAND PUBLIC
POLICY INSTITUTE:**

Stimulated by a series of population growth spurts in the D.C. area, Maryland has been among the nation’s leaders in developing and implementing “growth management” policies for some four decades. Those policies have had little positive effect: The state is mired in traffic congestion, sprawl, overwhelmed (and underperforming) public services, high air and water pollution, unaffordable housing, and a withering rural economy. Maryland jurisdictions have adopted a raft of draconian policies that have largely exacerbated these effects. Maryland policymakers have decided that the solution to poor policymaking is more of the same policymaking, and many of the state’s growth woes will be made even worse.

Maryland has a lengthy tradition of redistributing wealth upward, whether in the

form of public works for the rich or regulatory schemes that protect politically favored businesses from aggressive competitors. That tradition of welfare for the wealthy has continued in recent years. On the regulatory side, many Maryland policymakers continue to try to give a highly lucrative slot machine-operating oligopoly to state horse racetrack owners, Maryland has the nation's broadest medical facilities certificate-of-need regime and some of the most onerous barriers-to-entry for health care professionals, and the state continues such practices as a price-floor law on gasoline.

Budget: Like other states, Maryland faces an enormous structural budget deficit in the coming decades. The present value of the unfunded liability for state employees' non-pension retirement benefits is estimated at \$20 billion (roughly equal to the state's total budget for 2005) and Maryland's Medicaid costs are set to skyrocket along with those of other states as the baby boomers seek nursing home care. Maryland has compounded these problems by making a massive commitment to increasing the state's contribution to local public schooling costs. The combined effects of all of these commitments will force the state to adopt one of two policies in the future: enact massive tax increases, or dramatically cut state funding of all services other than Medicaid and public schooling.

—*www.mdpolicy.org*

FROM THE MACKINAC CENTER FOR PUBLIC POLICY (MICHIGAN):

The most pressing policy issue cuts across every area and topic of policy at all levels of government: the prevalent tendency to govern for the moment, for the short term, and for self-preservation of parties or political personalities instead of for the long run and for the good of the country. Future generations will waste much time and precious resources

simply coping with, and struggling to undo, the costly mandates, deficits, and programs we're saddling them with so today we can get through the present moment or the next election.

Reining in a runaway judiciary and restoring the proper role of the courts is vital, because too many policy victories in legislative bodies are subsequently thwarted by activist courts that want to manufacture law instead of interpret it. Third most important is rescuing millions of children from failing schools by ridding ourselves of the destructive notion that "the system" is more important than the kids.

—*www.mackinac.org*

FROM THE CENTER OF THE AMERICAN EXPERIMENT (MINNESOTA):

In order to continue Minnesota's transition from a high-tax, big-government state toward a conservative, free market future, American Experiment will advocate for limited government and immigration reform, and combat efforts to limit personal freedom.

Reforming the way Minnesota delivers services will be a major component of Governor Pawlenty's 2006 legislative agenda. In this new era of spending reform, American Experiment will be providing research as well as the "intellectual ammunition" for use by various members of our "government spending reform" coalition. Our primary goal is to craft and adopt significant government spending limitations at every level.

One of the major issues facing Minnesota in 2006 will be controlling illegal immigration and ensuring border security. According to a new state government study, illegal immigration costs Minnesota roughly \$188 million per year.

In light of the U.S. Supreme Court's *Kelo* ruling, American Experiment will lead efforts to change Minnesota laws in order to protect

personal property rights. Conservatives will also be taking a leading role in combating a potential statewide smoking ban.

—*www.americanexperiment.org*

FROM THE BUCKEYE INSTITUTE (OHIO):

The industrial Midwest needs a new policy strategy for creating prosperity. Increasing government spending and taxes remains the default solution to changes brought by globalization. Our economy grew from the values of economic freedom and limited government, but it is a struggle to realize these values today when so many policies cultivate powerful prospending constituencies through entitlements and subsidies.

The current model for delivering public education to our children must be fundamentally overhauled. As long as we educate our children through a government monopoly insulated from the accountability of competition, we will utterly fail to prepare them for the competitive rigors of the global economy. With no incentive to improve their productivity, government schools are becoming increasingly inefficient in what services they manage to provide. As the tax creators in the private economy get leaner and more productive in order to survive, the burden of carrying the costs of public schools becomes even greater.

—*www.buckeyeinstitute.org*

FROM THE TEXAS PUBLIC POLICY FOUNDATION:

Obfuscation has become the watchword of government policy at all levels. We face complex, obscure, and costly systems.

Many states, such as Texas, rely heavily on “business taxes” for revenue. While Texans enjoy one of the lowest individual tax burdens in the nation, Texas business is near the top, as a percentage of Gross State Product. With business remitting taxes, individuals are

ignorant of the government costs driving lost wages, missed profits, never-seen opportunities, and higher prices. Taxes must be visible, and therefore shifted to consumption.

Similarly, heavy spending in public education has obscured fundamental flaws suppressing academic achievement. Only with the sunlight of competition can we ensure our children are receiving a quality education.

Likewise, a maze of regulations and a pyramid of bad decisions have undermined in health care the protections and efficiencies of the marketplace. We must quickly rewrite those rules with a primary emphasis on consumer-directed care.

Without a substantive move toward transparency-as-policy, lasting government reform is impossible.

—*www.texaspolicy.com*

FROM THE EVERGREEN FREEDOM FOUNDATION (WASHINGTON):

The most important issues for 2006 are: restoring ethics in government, restoring ethics to the voting system, and getting control of federal spending.

Both political parties need to clean up the ethical mess and restore integrity to public service.

In the past decade, concerns about the integrity of the election system have run rampant, especially in close elections. The FBI and Department of Justice have been investigating over 60 allegations of voting fraud in multiple states over the past five years. It is essential that state legislators update their voting registration systems to clean the voter rolls by requiring proof of citizenship. Photo and signature identification should be required when a person votes—whether at the polls or by mail. Strong penalties need to be enacted and enforced for voter fraud.

—*www.effwa.org*



STATE POLICY

ALABAMA

Alabama Policy Institute
<http://www.alabamapolicy.org>
(205) 870-9900

ALASKA

Institute of the North
<http://www.institutenorth.org>
(907) 343-2444

ARIZONA

Goldwater Institute
<http://www.goldwaterinstitute.org>
(602) 462-5000

ARKANSAS

Arkansas Policy Foundation
<http://www.reformarkansas.org>
(501) 537-0825

CALIFORNIA

Claremont Institute's
Golden State Center
<http://www.claremont.org>
(916) 446-7924

CALIFORNIA

Pacific Research Institute
<http://www.pacificresearch.org>
(415) 989-0833

COLORADO

Independence Institute
<http://www.i2i.org>
(303) 279-6536

CONNECTICUT

Yankee Institute for Public Policy
<http://www.yankeeinstitute.org>
(860) 297-4271

FLORIDA

James Madison Institute
<http://www.jamesmadison.org>
(850) 386-3131

GEORGIA

Georgia Public Policy Foundation
<http://www.gppf.org>
(404) 256-4050

HAWAII

Grassroot Institute of Hawaii
<http://www.grassrootinstitute.org>
(808) 864-1776

IDAHO

Idaho start-up
c/o Mr. Gale Pooley, PhD
gpooley@spro.net

ILLINOIS

Heartland Institute
<http://www.heartland.org>
(312) 377-4000

ILLINOIS

Illinois Policy Institute
<http://www.illinoispolicyinstitute.org>
(217) 544-4759

INDIANA

Indiana Policy Review
<http://www.inpolicy.org>
(317) 236-7360

IOWA

Public Interest Institute
<http://www.limitedgovernment.org>
(319) 385-3462

KANSAS

Flint Hills Center
<http://www.flinthills.org>
(316) 634-0218

KANSAS

Freestate Center for Liberty
Studies
<http://www.ksfreestate.org>
(785) 233-8765

KENTUCKY

Bluegrass Institute
for Public Policy Solutions
<http://www.bipps.org>
(270) 782-2140

MAINE

Maine Heritage Policy Center
<http://www.maineinstitute.org>
(207) 831-4674

Maine Public Policy Institute
<http://www.maineinstitute.com>
(207) 944-3264

MARYLAND

Calvert Institute for Policy
Research
<http://www.calvertinstitute.org>
(410) 752-5887

Maryland Public Policy Institute
<http://www.mdpolicy.org>
(240) 686-3510

MASSACHUSETTS

Beacon Hill Institute
<http://www.beaconhill.org>
(617) 573-8750

MASSACHUSETTS

Pioneer Institute
<http://www.pioneerinstitute.org>
(617) 723-2277

MICHIGAN

Mackinac Center for Public Policy
<http://www.mackinac.org>
(989) 631-0900

MINNESOTA

Center of the American
Experiment
<http://www.amexp.org>
(612) 338-3605

MISSISSIPPI

Mississippi Center for Public
Policy
<http://www.msppolicy.org>
(601) 969-1200

MISSOURI

Center for Ethics and the Free
Market
<http://www.centerforethics.org>
center_for_ethics@yahoo.com

ORGANIZATIONS

MISSOURI

Midwest Policy Center
c/o Raymond Kyle
rkyle1@mindspring.com
Missouri

Show Me Institute
c/o R. Crosby Kemper III
crosk@earthlink.net

MONTANA

Rocky Mountain Institute
for Policy Research
c/o Lisa M. Hazlett
(614) 378-0366
lisa@rmppi.org

NEVADA

Nevada Policy Research Institute
<http://www.npri.org>
(702) 222-0642

NEW HAMPSHIRE

Josiah Bartlett Center for Public
Policy
<http://www.jbartlett.org>
(603) 224-4450

NEW JERSEY

Center for Policy
Research of New Jersey
c/o Gregg Edwards
(609) 273-6333

NEW MEXICO

Rio Grande Foundation
<http://www.riograndefoundation.org>
(505) 286-2030

NEW YORK

Empire Center
c/o Edmund J. McMahon
(518) 295-7912

Foundation for Education
Reform and Accountability
<http://www.nyfera.org>
(518) 383-2598

NORTH CAROLINA

John Locke Foundation
<http://www.johnlocke.org>
(919) 828-3876

OHIO

Buckeye Institute
<http://www.BuckeyeInstitute.org>
(614) 224-4422

OKLAHOMA

Oklahoma Council of Public
Affairs
<http://www.ocpathink.org>
(405) 602-1666

OREGON

Cascade Policy Institute
<http://www.CascadePolicy.org>
(503) 242-0900

PENNSYLVANIA

Commonwealth Foundation
<http://www.commonwealthfoundation.org>
(717) 671-1901

SOUTH CAROLINA

South Carolina Policy Council
<http://www.scpolicycouncil.com>
(803) 779-5022

SOUTH DAKOTA

Great Plains Public Policy Institute
<http://www.greatplainsppi.org>
(605) 332-2641

TENNESSEE

Tennessee Center for Policy
Research
<http://www.tennesseepolicy.org>
drew@tennesseepolicy.org

TEXAS

National Center for Policy
Analysis
<http://www.ncpa.org>
(972) 386-6272

Texas Public Policy Foundation
<http://www.texaspolicy.com>
(512) 472-2700

UTAH

Sutherland Institute
<http://www.sutherlandinstitute.org>
(801) 355-1272

VERMONT

Ethan Allen Institute
<http://www.ethanallen.org>
(802) 695-1448

VIRGINIA

Thomas Jefferson Institute
<http://www.thomasjeffersoninst.org>
(703) 440-9447

Virginia Institute for Public Policy
<http://www.virginia institute.org>
(703) 421-8635

WASHINGTON STATE

Evergreen Freedom Foundation
<http://www.ewffa.org>
(360) 956-3482

Washington Policy Center
<http://www.washingtonpolicy.org>
(888) 972-9272

WISCONSIN

Wisconsin Policy Research
Institute
<http://www.wpri.org>
(262) 242-6409

State Policy Network
P.O. Box 5208
Richmond, CA 94805
(510) 965-9700
fax: (510) 965-9701
www.spn.org