

Ethan Allen Institute

Newsletter - March 2017 (Printer Edition)

Top Story: Carbon Tax Update

We won the battle, but the war goes on

By Rob Roper

The good news is that no pure carbon tax bill has been put forward in 2017. Thanks to our efforts (and the efforts of others) the concept appears too toxic to touch.

However, and as we suspected, the Carbon Tax zealots are regrouping and preparing for their next offensive. [H.394](#) - An act relating to a carbon tax and cap and trade study by the Joint Fiscal Office was introduced this week.

The legislation states, “This bill proposes to require the Joint Fiscal Office to study the costs and benefits to Vermont of carbon pricing and cap and trade models to reduce greenhouse gas emissions, and submit a report of its findings to the General Assembly,” and comes with a \$100,000 price tag.

A study! The last refuge of a failed concept. But, unfortunately, we can guess the conclusion said study, which is due on January 15, 2018, will be designed to return. It will then be used as exhibit A in the next legislative session.

This will not be \$100,000 well spent. Let’s hope Governor Scott’s promise to veto any Carbon Tax will extend to this study.

Sponsors of H.394 are: Molly Burke (P-Brattleboro), Selena Colburn (P-Burlington), James Masland (D-Thetford), Curtis McCormack (D-Burlington), Jean O’Sullivan (D-Burlington), Amy Sheldon (D-Middlebury), Mary Sullivan (D-Burlington), and Mike Yantachka (D-Charlotte).

The second move on the Carbon Tax front is [S.66](#) - An act relating to a cap and trade program for greenhouse gas emissions caused by transportation, heating, and other energy use. This is just a Carbon Tax by another name. However, this bill would require other states to pass similar legislation in order to take effect, which is not likely to happen.

The Carbon Tax zealots could pass this as a fig leaf, showing their supporters that they are “doing something” without actually doing anything. And, of course, to keep the debate moving forward in Vermont.

Tax Watch

Legislators are considering a number of new taxes, most having to do with a \$50 million package to clean up Lake Champlain

These include:

- Un-sun-setting the \$5 million 2% surcharge on the Property Transfer Tax (thus proving Reagan's theory that the closest thing to immortality is a government program.
- Doubling the current tax on fertilizer (\$930,000)
- A 1¢ increase in the diesel tax (\$690,000)
- A 1¢ increase in the gas tax (\$3,000,000)
- A \$5 per night surcharge on rooms (\$18,000,000)
- 1% increases to the rooms & meals tax (17,000,000)
- 1% increase to the alcohol tax (\$1,900,000)
- Expand the sales tax to include a number of services (2,040,000)

Other taxes under consideration are:

- A \$2 per night fee on hotel stays to pay for affordable housing ([H.181](#)). With the tax mentioned above, that would be a total of \$7 in new room fees).
- A 1% payroll tax to pay for Paid Family Leave ([H.196](#) and [S.82](#)).
- Let's not forget the \$15 minimum wage, which is essentially a tax on labor ([H.64](#), [H.93](#), [S.40](#)).
- And discussions underway surrounding Universal Pre-K are indicating tremendous upward pressure on property taxes. We are monitoring this closely.

If You Haven't Already, Please Renew Your Support for 2017!

The Ethan Allen Institute is your voice for limited, common sense government in Vermont. Help us continue our efforts in 2017 to educate our fellow citizens about what's happening in Montpelier with [Roll Call Profiles](#), [Videos from the Statehouse](#), [Weekly Op Eds in Local Papers](#), [Common Sense Radio](#), and [EAI Presentations in Your Community](#).

If you value these services, please contribute today. Thank you!

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Commentary: Modestly Expanding School Choice

By John McClaughry

Here's a capsule history of the fitful advance of parental choice in education in Vermont.

1869: The landmark Act 9 allows towns without secondary schools to tuition pupils to public and independent schools.

1990: The 1869 tuition law is expanded to include grades 1-6.

1997: In debate over what becomes Act 60, the education finance law, Sen. Jeb Spaulding (D) offers an amendment for full public and non-sectarian independent school choice, with a state-specified tuition amount following the student. It passes 18-12 with the support of Senate President Peter Shumlin (D). The House rejects it in conference.

1998: For the first time ever, the national Gallup poll shows support for school choice, 51-45%. A Vermont Public Radio poll asks "Should parents be allowed to use tax dollars to send their children to religious schools?" Yes 55% , No 34%, Undecided 12%.

1999: Gov. Howard Dean (D) strongly calls for public school choice in a message to the legislature.

2000: The legislature uncomfortably enacts Act 150, a highly restrictive high school student exchange experiment so far removed from real school choice that leading choice advocates decline to support it.

2001: The Ethan Allen Institute offers the first comprehensive parental choice and provider competition plan, called "Schoolchildren First." (Sen. Shumlin joins a hastily union-arranged news conference to denounce it.)

2002: The Republican House passes a public-school-only choice bill (72-67). The Democratic majority buries it in the Senate. In June, the US Supreme Court rules that vouchers used by Cleveland parents at faith-based schools are constitutional.

2003: New Republican Governor Jim Douglas calls for expanding public school choice.

2004: Douglas renews his call. For the first time the State Board of Education unanimously endorses the concept of universal public school choice.

2010: Commissioner Armando Vilaseca launches a persistent attack on independent schools receiving tuition voucher payments.

2012: Act 129 repeals the failed public high school regional choice act of 2000, but replaces it with a similar measure that requires no payment of tuition by the sending school district.

2015: Forced consolidation (Act 46) and controversial State Board of Education rules threaten to end choice in tuition towns.

2016: State Board of Education launches a new attack on independent schools receiving tuition vouchers. Initially thwarted by the Interagency Committee on Rules, the battle continues.

A week before his election as governor, Phil Scott (R) says that "new rules proposed by the State Board of Education would undermine the rights of towns and parents, and weaken local and regional economies." Scott called on the State Board of Education "to withdraw and rewrite the rules to preserve and strengthen choices for parents."

Now we're up to 2017. The battle over the fate of tuition town choice in new unified districts has yet to be settled (except in the new NEK Choice District, composed of ten K-12 tuition towns.) Nor has the issue of the State Board's imposition of deliberately crippling, and potentially lethal, requirements on independent schools that accept tuition students.

But a new bill sponsored by Reps. Vicki Strong Mike Hebert and thirty co-sponsors offers a modest step forward. (H. 450).

Their bill would amend Act 129 of 2012 to expand public school choice options to all students in grades K-12. It would “require the student’s school district of residence to permit the student...to transfer to any other public school in the State that provides an academic course, sports program, officially sponsored extracurricular activity, or service that is offered at the other public school but not at the public school of the student’s district of residence, and by requiring the other public school to accept the student (unless there is no physical capacity to accept the student). The school district of residence would pay [an unspecified amount of] tuition to the receiving school district.”

This isn’t the full-bore parental choice that many have sought for so many years, but it pushes the door a little further open for kids to depart their local public school to an educational environment better suited to their needs, interests, and abilities.

- *John McClaughry is the founder and vice president of the Ethan Allen Institute*

Commentary: Universal Pre-K Is A Problem, Not A Solution

By Rob Roper

Vermont has been actively expanding taxpayer funded universal Pre-K since 2007 (Act 62). The claims back then and the claims today haven’t changed. Advocates promise that in the long run, these programs will prove great for kids and taxpayers! But ten years later, as we’re looking at an even more dramatic and expensive expansion of these programs, we have to ask if what we’ve done so far has lived up to the hype.

At a recent meeting of the House Education Committee, chairman David Sharpe (D-Bristol) noted that there has been, among other issues, an increase in number of disruptive students in the classroom. This prompted him to inquire, “I applaud your [Pre-K advocates] efforts,” said Sharpe, “but are we creating these agencies to replace parents because we’ve created a culture where mom and dad get up every day and go do work and aren’t a part of their kids’ lives? Did we create this problem by creating a culture where children are without parents for so much of their life?”

Yes!

It’s easy to buy into the pro-pre-k hype. It sounds so wonderful. The Blue Ribbon Commission for Affordable Child Care is the latest to parrot the promise that “Every dollar spent on high-quality early care and learning programs yields a return on investment that ranges from \$4 – \$9.” Who wouldn’t want that? But this is, in the vernacular of the day, fake news.

The Blue Ribbon study making this claim (as well as everybody else) cites in a footnote the Center on the Developing Child (2009), which in turn cites three original studies: The High Scope/Perry Preschool Project, the Abecedarian Project, and the Nurse Family Partnership.

But here’s the catch: These studies have absolutely zero relationship to the programs being proposed in Vermont, nor did they serve populations even remotely similar to those that Vermont’s programs serve. To state or imply that Vermont pre-k programs would yield similar results is flat out dishonest.

For example, the Perry Preschool Project only involved 123 (just 58 of whom

received services, 65 were in the control group) African American kids from economically disadvantaged households, at “high risk for school failure,” with IQs between 70 and 85. It is dishonest to imply that mainstream Vermont kids in a less intensive, universal program like the one we have in Vermont would respond in the same way.

Similarly, the Abecedarian study was limited to 111 kids, 57 of whom received services. Again, these were all kids identified as being “high risk” based on family income, etc. and the program was birth to five, 6-8 hours a day five days a week with a child teacher ratio of 1:3 to 1:6 – nothing remotely resembling the universal, 10 hour a week program for 3-4 year olds we have in Vermont!

The Nurse Family Partnership isn’t even an early childhood education program, it’s home healthcare program.

As the High Scope website specifically cautions: “The findings of the High/Scope Perry Preschool study and similar studies would apply ONLY [emphasis added] to children served by these programs who are reasonably similar to children living in poverty or otherwise at risk of school failure. (Pg.13) Therefore, when our politicians, advocates and educators use these studies to justify investment universal early education programs for a majority of mainstream kids – and when our media reports these claims without challenge – they are all, at best, misleading the public.

Meanwhile, relevant studies of programs of similar size and scope to those Vermont is implementing do not show meaningful benefit to kids, and one even indicates possible harm.

Vanderbilt University recently evaluated Tennessee’s Pre-K program (3000+ subjects) and found that students who attended the state’s pre-k program did worse by third grade than students who had been denied access to the program via lottery. Similarly, the Head Start Impact Study (5000 subjects) done by the U.S. Agency for Health & Human Services finds, “the advantages children gained during their Head Start and age 4 years yielded only a few statistically significant differences in outcomes at the end of first grade.”

Vermont has been expanding universal preschool programs in earnest for a decade. Since then, the classes of fourth graders who have matriculated through the system having had greater access to “high quality” early education have seen their standardized test scores DROP. The data doesn’t exist (or I’m unaware of it) to determine if this is causal or coincidental, but it is certainly worth serious investigation before we pour hundreds of millions of dollars into a program that may be doing more harm than good.

- Rob Roper is president of the Ethan Allen Institute. He lives in Stowe.

Events

March 29. EAI president Rob Roper will present "Triumph of Liberty" to the Shelburne Rotary Club. If you would like this or another EAI presentation to come to your organization or community, contact rob@ethanallen.org.

April 4. Rob Roper will be a guest on the Sound Off show with Linda Kirker, 7:00-8:00 pm, Channel 15 (St. Albans).

News & Views

Manufacturing A Childcare Crisis. According to the [Burlington Free Press](#), the new 126 pages of regulations governing child care businesses have caused a slew of closings, amounting to a net loss of 500 childcare slots statewide. Let's be clear: this is their goal! Cause these independent small businesses to close so that the state "needs" to swoop in and offer birth to 5 services in the public schools. This will cause property taxes to SOAR, and do untold damage to young families.

Millions for Lake, But What's It Doing? The VTDigger report on Lake Champlain cleanup (2/24/17) lists millions of dollars in new taxes desired by House environment leaders. But it doesn't explain how that program built on all those new tax revenues will actually reduce phosphorus loading in the Lake. Rep. Deen & Co. are pleased to raise lots of taxes, spend lots of money, and keep state employees very busy. Meanwhile the farms that contribute 40% of the P loading will keep on with their current business model, which is goosing milk production to bring in more revenue even overproduction is causing their commodity product to be sold at a loss. " - John McClaughry comment 2/25/17.

Renewable Energy Mandates. Senate Bill 51 (Sen. Bray and 7 other Dems/Progs) , giving the State administrative power to enforce a mandate of 90% total energy by 2050, provoked a February 15 letter to the editor to the Barre-Montpelier weekly World by George Clain of Barre. Said Clain, a retired labor organizer who supports both clean power and economic development: "We cannot attract, open and grow new businesses without using more energy, even with stringent conservation. We need more clean energy, not less. Deserts are low energy consumption, too, but I wouldn't want to live in one." (Guy Page blog, 2/20/17)

"Sanctuary" Policies Raise Federal Funding Issues for VT. Montpelier plays a dangerous game when poking the Trump Administration in the eye over immigration policy. Trump has threatened to cut off federal funding to sanctuary cities, and, one can assume, sanctuary states. As Vermont Digger reports, "Of the \$5.7 billion Vermont budget in fiscal year 2016, roughly 35 percent — or \$2.13 billion — consisted of federal dollars. (In addition to grants and subsidies, Vermont received \$523.1 million in federal contracts last year.) The largest single allocation of federal dollars goes to Vermont's Medicaid program, which received more than \$1 billion from Washington in 2016. Yet federal dollars seep into all aspects of Vermont government. In fiscal 2016, federal money was funneled into 25 state agencies and departments." ([VT Digger, 2/20/17](#))

Regulations Kill Small Businesses. New motor vehicle inspection regulations are threatening many Vermont small businesses due to, of course, the cost of

implementation. “The AVIP equipment package includes a ruggedized tablet, a wireless OBD scan tool, to read engine malfunction codes, a wireless printer, a wireless router and the AVIP software. The total cost is \$1,624.26, plus applicable taxes, if paid upfront. Monthly payments are another option: \$57.15 per month, totaling \$2,057.40 after 36 months — plus applicable taxes.” ([St. Albans Messenger, 1/9/17](#)) Remember folks, regulations are a gift to the big, established businesses who can afford to comply. It’s the little guy who puts up the “Out of Business” sign.

Amazon Collecting State Tax. Don’t forget that Amazon.com is now collecting sales tax on Vermonters who make purchases through their website. While this has some positive implications for state coffers, and offers some relief from competition to local brick and mortar stores, do not lose sight of the fact that large corporations like Amazon can afford to comply with these sorts of self-regulations while smaller competitors cannot. It is a strategy to drive out the competition. And remember when you’re doing your taxes and reporting on sales and use for internet purchases that Amazon has already collected!

Coffee Tax. Surprise, there are lots of coffee drinkers in Vermont! Enough that a proposed 5¢ per pound excise tax on coffee looks like it has been abandoned by the legislature. Chalk one up for the good guys. Let’s hope going forward tax payers can stand together as strong as the tax takers. If they come for one of us, they come for all of us.

School Choice for Wealthy Me, But Not for Thee. “Votes against Betsy Devos in committee included these champions of public schools: Sen. Al Franken (kids go to an exclusive private school), Sen. Bob Casey (went to private school, sent his kids there), Sen. Sheldon Whitehouse (went to a private school, sent kid to one), Sen. Michael Bennet (went to private school, sent daughter to one), Sen. Maggie Hassan (daughter went to private school) and even Sen. Elizabeth Warren has a granddaughter in a very exclusive private school. School choice for me, but not for thee.” – Libby Sternberg, former executive director of Vermonters for Better Education.

Just as We Thought. When he was on a panel at the Aspen Ideas Festival in 2008, John Fund recalled, he noticed that activists there were substituting the words ‘climate change’ for ‘global warming.’ He asked audience members to explain the change, and it turned out to be “a very uncomfortable question,” Fund said. “If you ask a question innocently enough, the truth comes out.” Since the planet isn’t always warming, environmental activists found that they had more flexibility to advance their agenda under the more generic label of “climate change,” he said.” (Daily Signal 2/23/17) (Fund was EAI’s Jefferson Day speaker in 2002.)

School Choice in Chile. Economist Christopher Neilson that found that Chile’s 36 year old voucher system focused on poor kids “raised the test scores of poor children significantly and closed the gap between these students and the rest of the population by one third... the observed effect is due mostly to the increase in the quality of schools in poor neighborhoods. The introduction of targeted vouchers is shown to have effectively raised competition in poor neighborhoods, pushing schools to improve their academic quality.” (Weekly Standard, 2/6/17)

Latest Carbon Tax Ploy. After a few eminent Republicans in Washington proposed the enactment of a carbon tax with energy deregulation and a “dividend” for all Americans, Grover Norquist of Americans for Tax Reform made this comment: “Now that the GOP can repeal all the anti-energy, anti-job regs—the Left offers to trade those regs for a carbon tax. Nice try. No.”

Legislative Recount Blows Up In Partisans’ Faces. Democrats’ and Progressives’ attempts at a “recount by legislators” in the Frenier/Hatch race in Orange 1 ended embarrassingly when they ran afoul of their own on-the-fly rules. There are issues with Vermont elections, but not the ones these partisans claimed. Currently, there is no way to verify who is asking for and filling out absentee ballots in Vermont. And, with the number of absentee filings growing significantly, this is the real problem. Will they investigate this? Not holding our breath.

Regulation Kills Society. “Moral skill is chipped away by an over-reliance on rules that deprives us of the opportunity to improvise and learn from our improvisations. And moral will is undermined by an incessant appeal to incentives that destroy our desire to do the right thing. And without intending it, by appealing to rules and incentives, we are engaging in a war on wisdom.” - Barry Schwartz

Book of the Month

The Permission Society

How the Ruling Class Turns our Freedoms into Privileges and What we Can Do About It
By Timothy Sandefur
Cato Institute, 2017

Timothy Sandefur, of the Goldwater Institute, isn’t the first person to notice that our land of liberty is steadily turning into “the permission society”, but his new book is a powerful addition to the literature of liberty. Hopefully it will galvanize increased agitation among a citizenry all too accustomed to having their freedom to live their lives festooned with countless requirements, invasions, mandates, and penalties.

Sandefur rightly emphasizes that we Americans have liberties – they aren’t grants of privilege from the ruling class, or agreements by that class to genially tolerate our behavior. He quotes James Madison, who reminded Congress in 1792 that “In Europe, charters of liberty have been granted by power. America has set the example of charters of power granted by liberty.”

“Toleration”, Thomas Paine reminded us, “is not the opposite of intolerance, but is the counterfeit of it.”

The author points out that “slaves have to ask permission. Children have to ask permission. Until recently, women had to ask permission.” He remarks that he had a case in San Francisco where his client was forced to give up his right to vote in exchange for a building permit. The problems with discretionary gun licensing laws and arbitrary land use decrees are well known.

“I believe we are sliding more and more into a society that presumes you unfree, unless you get the government’s permission,” he says. “And as we move toward the Permission Society, we’re moving away from the principles of freedom upon which our Constitution is based.”

Fortunately Sandefur didn’t have to ask any government official’s permission to publish this book, because he probably couldn’t have gotten it. Liberty! What a subversive concept!

- Review by John McClaughry, vice president of the Ethan Allen Institute

The Final Word

January Survey

Should \$50 million a year for Lake Champlain cleanup come from new/higher taxes or existing funds (aka cuts to existing programs)?

New/Higher taxes.

Existing funds/Cuts.

February Survey Results

Should the Vermont Legislature pass a resolution (HJR 2) commending sanctuary cities?

Yes. 1.52 (1)

No. 98.48% (65)