Ethan Allen Institute

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Top Story: Your Guide to the Top Election Issues of 2014

Jobs

Since Peter Shumlin was first elected, the Vermont labor force has shrunk by 8700.

Since just the last election there have been a number high profile defections from our job market. IBM in Essex has cut roughly 1000 jobs, and 4000 more are in limbo as the company weighs selling the plant. After enduring a political beating at the hands of a hostile governor and legislature, Vermont Yankee will begin phasing out 600 of the best paying jobs in the state after 2014. Energizer in Franklin County is gone along with 165 jobs. Plasan Composites in Bennington is gone - 145 jobs. Kennametal in Lyndonville is gone -- 80 jobs. Huber + Suhner in Essex gone – 65 jobs. And GE cut about 10% of their Burlington workforce - 50 jobs.

In contrast to these high-caliber jobs leaving the state, July 2014 projections show Vermont's new job growth occurring in low-skill/low wage sectors. The top five are, Cashiers, Personal Care Aides, Retail Salespersons, Combined Food Prep/Serving Workers including fast food, and Waiters & Waitresses.

Healthcare

Peter Shumlin's attempt to have Vermont, population 620,000, become a the first and only state in the Union with a government-run single payer healthcare system has so far proven to be an inefficient, expensive, incompetently run disaster. Although the governor distances himself from the Exchange (Vermont Health Connect) as a federal idea, part of the Affordable Care Act, and separate from Green Mountain Care (single payer), it really -- and legally – is not. Act 48 states explicitly "The intent of the general assembly is to establish the Vermont health benefit exchange in a manner such that it may become the foundation for Green Mountain Care." (Emphasis Added) So what kind of foundation will we be building upon? After having spent nearly $100 million on the VHC website, it still does not function as promised. An estimated 14,000 Vermonters are tied up in "change of circumstance" glitches with Vermont Health Connect (VT Watchdog, 8/4/14), and " [I]t was revealed that an estimated 22,000 Medicaid beneficiaries have lost their coverage in the past three months because they were unable to, or have not tried to, complete their annual reviews on the Vermont Health Connect website (VT Digger, 7/23/14)

A report by Optum, the company hired to come in and clean up the VHC mess, blamed poor leadership, lack of relevant experience, and insufficient oversight in the Shumlin Administration for the rotten state of affairs. These are not good harbingers of things to come with Green Mountain Care. Governor Shumlin still refuses to reveal how he intends to raise the $1.9 to $2.2 billion in estimated new taxes necessary to implement

Green Mountain Care, despite the fact that Act 48 required him by law to submit a financing plan in January 2013.

Education

Since 2010, Vermont has increased annual spending on K-12 education by over $150 million, bringing the total 2014 budget up to $1.47 billion. However, student enrollment continues to decline at a rate of about 1% per year, test scores have been largely flat, and, according to the then Secretary of Education, Armando Vilaseca, in an official posting of the latest NAEP scores, "I am particularly concerned that we still have not made major progress in closing the achievement gap for students living in poverty.... Vermont students demonstrated significant achievement gaps based on family income... The smallest gap was 14 percentage points in fourth grade mathematics, and the largest was 23 percentage points in fourth grade reading."

The current administration's policy has been to increase spending on the expansion of taxpayer funded pre-k programs, which have been shown to not provide any substantial long term benefits to kids.

A college education, by contrast, has been shown to be the number one determinate of long-term prosperity. However, according to the 2013 State Higher Education Finance Report, Vermont's per student support is the second-lowest in the nation, and event this level of support is perpetually on the budgetary chopping block.

Property Taxes

"Vermonters pay property taxes of 1.66% of their home values on average, according to a new report prepared by the Tax Policy Center. This places the state firmly in the top ten."

In the 2013-14 legislative session, the legislature voted to raise education property taxes twice, for a total increase of over $100 million. Legislation to expand publicly funded Pre-Kindergarten programs is adding to the property tax burden.

The House voted in 2014 against a measure requiring the legislature to reform Vermont's education finance system within three years.

School District Consolidation, which is being touted by some as a "fix" will not lower education costs/taxes, but will actually raise them. "[CFO for the Agency of Education Bill] Talbott estimated that the alignment of salary schedules could cost the expanded districts anywhere from $6.9 million to $11.9 million." (Rutland Herald, 3/23/14)

Thirty-seven Vermont towns voted down school budgets in 2014, the most since 2003.

Energy

It is Vermont's goal to have 90% of all our energy (including home heating and transportation) supplied by in-state (to every extent possible), renewable sources by 2050. Doing so will require, for example, converting all the homes in the state from oil or gas to electric heat, and all of the cars from gasoline or diesel to electric. It will also require converting tremendous land resources to energy production (see Environment)

For the past four years Vermont has done much to make life easy for renewable energy producers, providing them with tax credits, guaranteeing them "reasonable" profits, mandating that energy suppliers buy their products at well above market rates, removing zoning hurdles, not to mention driving their lower cost, more efficient competition, Vermont Yankee, out of the state. Major Shumlin donors and supporters in the renewable energy business are doing very well as a result of these policies.

However, the impact on the average Vermonter is quite different. Vermont's residential energy costs have gone from what were quite recently the lowest in New England to the highest (tied with Connecticut), and the 4th highest in the nation.

Environment

Contrary to popular myth, Vermont's current energy policy is not making Vermont "greener". If we do attempt to manufacture 90% of our energy from home-grown renewable sources it will require, by some estimates, sacrificing over 700 miles of ridgeline for wind towers, covering an area one quarter the size of the Green Mountain Forest with solar panels, sustainably harvesting 12 million acres of forestland for biomass, or a combination of these things. It can't be done. Trying will devastate Vermont's pristine landscapes and habitats.

Additionally, in 2013, Connecticut passed a law prohibiting the purchase of Vermont Renewable Energy Credits (RECs) because they considered Vermont's policy of allowing wind and solar power producers to sell RECs while simultaneously applying them to Vermont's own renewable energy reduction requirements as -- what it is -- fraudulent.

And, as the Burlington Free Press reported, "When the contracts for Vermont Yankee power expired in 2012, our utilities replaced its carbon-free generation with about a million megawatt-hours of "grid power" — contracts and direct purchases of electricity from the New England transmission grid. More than half of this power comes from burning fossil fuels. This has substantially increased Vermont's power-related carbon emissions…" making the Green Mountain State browner.

Second Amendment

The new legislature will immediately take up Burlington's controversial charter change legislation in January. The city is asking for permission to make its own gun laws, specifically allowing police to seize the weapons of anyone suspected of domestic abuse, banning guns on properties with a liquor license, and requiring citizens to keep their guns locked up at home.

If the legislature approves Burlington's charter change, it will effectively overturn Vermont's Sportsmen's Bill of Rights.

Anti Second Amendment efforts in Vermont are being led by a new organization, Gun Sense Vermont. Though just two years old, Gun Sense Vermont "spent $39,000 for lobbyists for the quarter ending July 25, according to records kept by the Secretary of State's Office." This is the third highest amount spent by any lobbying organization in Montpelier, more than "Anheuser-Busch ($34,950), Comcast ($21,000), Altria ($26,674) and Green Mountain Power ($32,880)." (Vermont Watchdog 8/14/14)).

Gun Sense priority for 2015 is expanded background checks, but in 2013-14 the organization also pushed for, among other things, mandatory safety locks, a ban on magazines containing ten or more rounds, and a ban on semi-automatic "assault" weapons.

Commentary: Facing the Education Property Tax Monster

by John McClaughry

Once again Vermonters are preparing to go to the polls, and there are plenty of issues on their plate. For the one third of voters who must pay the school homestead property tax, the Big Issue is likely to be “why am I staring at yet another, bigger school property tax bill? Where does this end?”

The legislature and governor have increased the homestead school property tax rate in each of the past four years – and they are almost certainly going to do it again in 2015. The rate has climbed from 86 cents per $100 Fair Market Value (in 2011) to 98 cents (in 2014) – even as the number of public school pupils has dropped by a thousand in each of those years.

The Democrats, who are proud of authoring Act 60 in 1997, are eager to finish tying the cost of education to the income tax. The Act 60 “income sensitivity” option allows homestead owners with incomes under $90,000 to pay 1.8% of their income instead of the actual property tax. This feature costs the Education Fund $158 million a year, which has to be made up with other revenues. The more than sixty percent of Vermont households who choose this option thus have no concern about the level of school spending.

Last May the Democrats declared that they intend to enact an education income tax by 2017. This “solution” alarms even Gov. Shumlin, who correctly understands that raising income tax rates to bring in another $580 million a year (to replace just the homestead school property tax) would be economically catastrophic.

The Republicans claim that the Democrats “have blocked every attempt by Republicans to reform our state’s broken educational funding system.” By that the party chair apparently refers to the Republican proposal to enact a death sentence for Act 60, after which somebody will – hopefully – come up with a better idea. That “repeal and replace” bill does not deserve to be considered any kind of a “solution”.

There are several types of “real solutions” that might produce lower homestead property taxes.

One might be called the Soviet model. If the voters are voting too large school budgets, the Agency of Education could mandate a limit on increases. Or mandate a higher pupil to teacher ratio. Or use mandatory consolidation to allow regional education districts (REDs) to close small, expensive schools. Or put public schools on a “global budget”, like the Shumlin proposal for single payer health care.

Politicians have historically shrunk from imposing such centralized control, but its day may be coming closer with a governor who can’t allow the Education Fund to gobble up tax dollars that he will badly need to pay for Green Mountain Care.

Another model would be something akin to California’s Proposition 13 of 1978. That measure limited property tax rates and allowed reassessment only when a home changed hands. Not surprisingly, when local school districts couldn’t keep raising property tax rates and assessments, they fled to the state capitol for money to cover their budgets. The state was obliged to comply, with restrictive conditions leading back toward the Soviet model.

Another proposal for making voters more sensitive to school budget explosions was the Scudero Plan (S.253 of 2008). This bill would have had the voters vote not on the dollar amount to be spent, but on the cost per pupil in their schools. It had the virtue of bringing school spending down to understandable numbers like $13,045 per pupil instead of $17,875,000. The technique was unfamiliar, it was not clear that the plan would result in less spending, and the legislature showed no interest.

Probably the best and potentially most popular "solution" - except among the Education Establishment – is trading in the increasingly ponderous and state-controlled monopoly school system for universal parental choice among a wide variety of education providers.

That proposal is based on the idea that the state should not stand in the way of parents who are eager to have their children attend a school that costs less than the local public school. Since many parents would choose schools costing less, total education spending would fall. However, it's not possible to predict by how much and when, or how the public schools would attempt to reform themselves to win back their lost pupils.

It's not realistic, any time soon, to wean public education from the Act 60 property taxes. But movement toward universal parental choice and broad provider competition would likely spur educational innovation, increase customer satisfaction, restrain property tax costs, and produce better results over time.

The hard part is turning that corner.

- John McClaughry is vice president of the Ethan Allen Institute

Commentary: Constitutional Amendment a Dangerous Incumbent Protection Act

By Rob Roper

On September 11, fifty-four U.S. senators voted along party lines to amend the U.S. Constitution so as to essentially do away with the First Amendment. The effort to pass S.J. Res. 19 was led by, among others, Bernie Sanders, and it's worth noting that the Vermont General Assembly passed resolutions in support.

It's disappointing that this occurred without much media coverage, let alone outrage. Perhaps this is because most believe it to be little more than a political stunt by Democrats with no chance of actually passing. But that so many elected officials believe that holding a torch to the Bill of Rights could be in any way an advantageous political act – and the fact that they might not be mistaken -- is truly terrifying.

What's at stake here is whether or not we in America now think it's a good idea to empower incumbent politicians with limitless authority to control, criminalize, and prosecute the activities of their political opponents. If this amendment were to pass, it would create the foundation for a police state.

Calls for this new amendment come in the wake of the Citizens United case, in which the U.S. Supreme Court struck down a law banning corporations and unions from making independent, election-related expenditures. While frustration with money in politics is understandable, the proposed "solution" goes far beyond tamping down corporate/union spending.

This amendment says, "…Congress and the States may regulate and set reasonable limits on the raising and spending of money by candidates and others to influence elections." Not corporations. "Candidates" -- the people who run against incumbents. And "others" – which is anybody whom the incumbents decide it is. What are "reasonable limits"? What constitutes "influence?" Again, whatever the incumbents imagine it to be.

This amendment says, "Congress and the States shall have power to implement and enforce this article by appropriate legislation, and may distinguish between natural persons and corporations or other artificial entities created by law, including by prohibiting such entities from spending money to influence elections."

They "may" distinguish between natural persons and corporations. They don't have to.

And, it's not just corporations, but "other artificial entities created by law." As it is, this could mean almost anything. But, even currently non-formal groups of citizens could be forced via "appropriate legislation" to register in some way with the state, thus becoming an "artificial entity created by law." For example, in Vermont today any group of two or more citizens spending $1000 (one full page ad in the local paper) in a two year election cycle must, by law, register as a PAC – an artificial entity created by the state. Then incumbent politicians could "…prohibit such entities from spending money to influence elections." How much money? Apparently any money!

Lastly, the amendment says, "Nothing in this article shall be construed to grant Congress or the States the power to abridge the freedom of the press." This was clearly put in there to buy the support, or at least the silence, of the media. It appears to have worked, even though this may be the most radical aspect of the resolution.

Today, every U.S. citizen has the right to freedom of speech, to say what's on our minds, and of the press, to distribute those opinions via mass media. This amendment would change that, empowering incumbent politicians to decide who has -- and who does not have – access to mass media.

The New York Times Corporation would likely be permitted to print editorials and endorsements calculated to influence elections, but another entity attempting to buy an ad in the Times expressing the same or the opposite opinions could be deemed criminal. Incumbent politicians would be empowered to draw this distinction, thus picking who can speak through mass media, and who cannot.

So, in this brave, new post Amendment world, does a blogger have an inalienable right to freedom of the press? Does a radio talk show host? A non-profit? Does a group of concerned citizens sending out a letter, or putting an ad in the paper or forming a FaceBook group? No. You would need permission from the incumbents, either explicit or tacit, to express your opinion in any way that might influence their re-election.

Our founding fathers understood something about the nature of politicians and the corrupting temptations of power. That is why the first thing they wrote to secure our liberty in the Bill of Rights is, "Congress shall make NO LAW (emphasis added)… abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances."

They knew if politicians were given even an inch, they would use it as a launching pad for miles of abuse. Our current so-called leaders have proven that judgment correct.

- Rob Roper is president of the Ethan Allen Institute

Commentary: Health Care Mutual Aid

by John McClaughry

A recurring argument of those favoring a government takeover of any large sector of the economy - such as health care - is “the free market has failed!” These people are invariably oblivious to the effects of a hundred years of government intervention that has restricted what a free market might otherwise achieve.

Admittedly some of that intervention has been beneficial. Governments required would-be doctors to obtain a license before offering medical services to the public. They required infirmaries and sanitariums to meet standards for cleanliness, fire safety, and trained caregivers. After 1930, state governments required the newly-appeared health insurance companies to make truthful claims and maintain adequate reserves to pay claims.

On the other hand, to take one example, government licensing creates opportunities for those already licensed to gain control of the licensing board and make it very difficult for competitors to qualify.

Another example is the “Certificate of Need” (CON) process in effect in 36 states, including Vermont. The purpose of CON is to disallow “excess capacity”. The main target of this process is non-hospital clinics that propose to deliver better medical services – such as ambulatory surgery – at lower cost than competing general hospitals with large overhead costs. Hospitals and other threatened interests will turn out in force to argue against government approval of a CON application from a competitor.

But leaving aside the unhappy effects of government health care regulation, it’s worth looking back to see how a free people dealt with their health problems before government intervention accelerated in the 1930s.

Health care a century ago relied largely on “friendly societies”, that first appeared in the UK as early as 1793. These were self-governing mutual aid societies that promoted ethical behavior, healthy lifestyles, and “the temperate interchange of social feeling” for the afflicted. They also provided medical care, sick pay, and funeral arrangements for members and their families.

After passage of the National Insurance Act of 1911, a combination of the medical societies and the insurance industry slowly stamped out the UK friendly societies. The National Health Service Act of 1948 (“socialized medicine”) finished the job.

In the US clones of the friendly societies began to appear in the early 1800s under the name “fraternal organizations”, exemplified by the Odd Fellows and the Loyal Order of Moose. These lodges established orphanages, hospitals, banks, schools, retirement homes, newspapers, and insurance companies. They sponsored “lodge practice”, where the local lodge members selected and employed a doctor.

The American Medical Association and its state and local affiliates viciously attacked lodge practice. They claimed that only independent doctors approved by them could be allowed to practice and enjoy hospital privileges. The commercial insurance industry joined in to hammer down their fraternal competitors.

Beginning in 1982 new mutual aid health benefit model began to appear. Now organized as Christian Health Sharing Ministries, their membership is limited to committed Christians who abstain from illegal drugs, tobacco, and sex outside of marriage, and refrain from abusing legal drugs and alcohol. These ministries reject the insurance model and do not employ doctors.

When a member needs medical attention, he or she goes to ordinary health care providers. Each month the ministry notifies its membership of the amount needed to cover the health care bills incurred by sick members. The membership sends their checks directly to the member being treated, who pays cash to the providers (often with a cash discount.) The membership also prays for the return to health of those being treated.

The Affordable Care Act exempts members of health sharing ministries from the individual mandate penalty, provided they were in operation in 1999. (No newer groups need apply.).

What's in the future? As government-run health care collapses from promising more services than its tax resources can pay for, and from its own bureaucratic waste and inefficiency, a free people will again begin to look for voluntary ways to preserve their health through mutual aid.

As Greg Scandlen, a well-known health insurance expert, says, "As the State fails, people will once again look to mutual aid and self-help for shelter from the storms. There is no other choice. The old style of fraternal organizations, with its silly rituals, handshakes, and costumes may be long gone. But the principles of thrift, civility, charity, modesty and self-reliance are never out of date, and new mutual aid organizations will emerge to get us through the hard times."

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

Events

Tuesday, November 4. ELECTION DAY!

News & Views

Single Payer Tax Partially Revealed! Deputy Health Care Reform Director Michael "'Costa said the state is eyeing a 12.5 percent payroll tax to help fund Vermont's Green Mountain Care health insurance system. He said the rest of the money needed to fund the system is 'right there in the middle of the room,' in the high amount of money Vermonters already pay for private insurance.'" - Stowe Reporter 9/25/14

Wasting $171 Million: "While the Shumlin administration was woefully unprepared to take on the creation of Vermont Health Connect, it bears remembering that the Governor refused to consider the simpler alternative of joining the federal exchange, which would have saved taxpayers nearly $171million. New Hampshire has spent a mere $8 million with none of the headaches that thousands of Vermonters have had to endure. …The Governor and the Vermont legislature insisted on building a state exchange so they could turn it into a theoretical single payer system in 2017. It does not appear that in making this decision, they placed the interests of Vermonters ahead of their own political ambitions.” (VHCF 9/2/14)

State Income Tax Revenue Continues to Underperform. August’s income tax revenues came in $4.3 million (nearly 10%) short of their target. This continues a summer-long trend of unmet expectations that has already propmpted in a $31 million reduction in the FY2015 budget.

Poverty on the Rise. According to the latest U.S. Census reports, Vermont’s median household income fell 2% between 2012 to 2013 from $53,677 to $52,578. This is in contrast to growth in the national median income, which rose from $51,915. According to the Associated Press, “About 3,000 more people in Vermont — for a total of 74,058 — were living below the poverty level in 2013, compared to 71,084 in 2012. The state's poor amounted to 12.3 percent of its population.”

Most Revealing Quote since AFT President Albert Shanker said When school children start paying union dues, that 's when I'll start representing the interests of school children. “The education-reform community has convinced us that closing the achievement gap by any means necessary is a worthy, final end. No…. Schools should develop minds, train future workers and enrich communities through employment opportunities for its members.” - Andre M. Perry (quoted by liberal columnist By Jonathan Chait)

And Another. “We don’t need to swap out all the bad and mediocre teachers for better teachers, anymore than we should swap out our struggling students for more advanced students.” - Justin Minkel (quoted by liberal columnist By Jonathan Chait)

Radical Advice: The Left Should Put Students Over Teachers. “Progressives should be part of the solution. We can't succumb to simplistic defenses of the distorted teacher protection schemes. We must confront the demonstrable effects of these laws. The future of public education and of the teaching profession can be brighter only when we place students' rights first and foremost on our list of priorities.” - *Laurence H. Tribe (Yeah, that Laurence Tribe!)*

Voting with feeT. “Since 2005, more people have been leaving Vermont than moving here from other states, an average of about 1,000 each year. When people vote with their feet, they are saying something about the desirability of a state. Those people are saying that despite its many attractions, Vermont is not a popular place for people to live and work. If it were, net migration would be positive, not negative. This is, perhaps, the biggest problem Vermont faces now and in the future. – Dr. Art Woolf, BFP 9/25/14.

Vermont ranks 38th in Highway Performance: “Vermont ranks 38th in the nation in highway performance and cost-effectiveness in the Annual Highway Report by Reason Foundation. Vermont ranks 20th in fatality rate, 41st in deficient bridges, 15th in rural Interstate pavement condition, 10th in urban Interstate pavement condition and 5th in urban Interstate congestion. On spending, Vermont ranks 34th in total disbursements per mile and 43rd in administrative disbursements per mile.

If Only He Were Telling The Truth. “My guiding principle is, and always has been, that consumers do better when there is choice and competition." – Barack Obama, Health care address to Congress, 9/9/09.

What He Really Thinks. "I happen to be a proponent of a single payer universal health care program…. [E]verybody in, nobody out. A single payer health care plan, a universal health care plan. And that's what I'd like to see." - Obama speaking to the Illinois AFL-CIO, June 30, 2003.

Consensus? What Consensus? "We often hear that there is a 'scientific consensus' about climate change. But as far as the computer models go, there isn't a useful consensus at the level of detail relevant to assessing human influences." Steven E. Koonin, theoretical physicist and Director of the Center for Urban Science and Progress at New York University.

Who's Greedy? "Families who wish to be independent financially and to make their own decisions about their lives are of little interest or use to those who are seeking to impose their superior wisdom and virtue on other people. Earning their own money makes these families unlikely candidates for third-party direction and wishing to retain what they have earned threatens to deprive the anointed of the money needed to distribute as largess to others who would thus become subject to their direction. In these circumstances, it is understandable why the desire to increase and retain one's own earnings should be characterized negatively as 'greed,' while wishing to live at the expense of others is not." – Thomas Sowell, The Vision of the Anointed, (1995)

Book of the Month

Where Does It Hurt?
An Entrepreneur's Guide to Fixing Health Care
By Jonathan Bush
Portfolio/Penguin (2014)

Unlike his first cousins George W. and Jeb, Jonathan Bush steered clear of politics. With his Harvard MBA in hand (like George W.), Jonathan set out to make his fortune in the health care marketplace. The first half of the book describes that journey, including a conspicuous failure in creating California birthing centers. Eventually he succeeded, becoming the CEO of an internet-based practice and data management company called AthenaHealth ($4.85 billion market cap, 3,000 employees).

The second part focuses on health care policy. Bush is relentless in trashing antiquated business models, where huge hospitals provide every known health service, many of them indifferently, in order to extract maximum revenues from third party payers – health insurance, Medicare, and Medicaid.

His fundamental recommendation is to put the patient /consumer in charge. He likens modern health care services to cable TV, where the customer must buy a package of a hundred channels to access the five or six he or she wants to watch.

With health care providers forced to serve customers, not third party payers, they would have to make radical decisions about their business models. Many would become "focused factories", doing a small range of services extremely well at a low package price and attracting customers from all over. They would have to abandon their current model which is based on cost padding, not cost shaving. Bush believes that many general hospitals could cut their cost of service by half "just by attacking the easy stuff", before they begin to really innovate.

Bush sees great promise in the use of data analysis to monitor what's happening in a patient. After all, most health care expenses do not result from traffic accidents. They result from chronic conditions for which treatment is generally well understood. Intel has a test project where the homes of senior volunteers are equipped with all kinds of sensors, which together produce a real time picture of the senior's health status.

There is a rich lode of innovative thinking in this book,, Bush pulls no punches on inherited medical business models and stupid government interventions that have combined to create a costly and often unimaginative medical empire.

Let creative minds and risk-taking investors tackle this problem. Use the technology. Replace 19th century systems with 21st century systems – flexible, creative, designed to satisfy customers who put cash behind their choices. Let the disruptors flourish!

Where Does It Hurt? is easy to read. It contains eye opening insights from the real world, and gives hope that disruptive people and plans will produce a more humane, effective and affordable health care for America.
Those interested in health care – beyond just using the government to force somebody else to pay for all the health care the government thinks they need – will gain a broader perspective and a new appreciation for what the market can do if given the chance.

– Review by John McClaughry, founder and vice-president of the Ethan Allen Institute.

Final Thought

How Are Those Universal Pre-K Promises Working Out?

Vermont students' science scores in the New England Common Assessment Program (NECAP) dropped for the second year in a row. In the latest numbers released (2014), just 44% of 4th graders scored as proficient or better, down another three points from last year. This is significant because these fourth graders are among the first batches of Vermont youngsters to have "benefited" from, Act 62, which "established publicly funded prekindergarten education" for three-and four-year-olds, and went into effect in 2007.

According to the Shumlin Administration, the number of kids placed in publicly funded pre-k programs was growing by about 2% per year between 2007 and 2011, which at that time amounted to roughly 4300 (or 1/3) of Vermont's 13,000 three-and four-year-olds. The number has certainly increased since then as after 2011 availability of publicly funded pre-k became mandatory. Before that, the decision whether or not to participate in the program was left up to local control and some districts chose not to offer pre-k.

Three post-Act 62 pre-k classes (in 2012, 2013, and 2014) have taken the NECAP as fourth graders. Yet, fourth-grade NECAP science scores have fallen nine points, from 53 percent proficiency to just 44 since 2011.

At a 2011 press conference, Governor Shumlin said, “It is vital that we increase the number of children with access to these programs. These kids will arrive at kindergarten ready to learn, and have more successful educational and professional futures as a result.”

Shumlin has also repeated the promise that “all the evidence shows if we can get there early, if we can invest a dollar in Vermont’s children when they are youngest, we will get a $7 return later on….” (VT Digger, 6/6/14)

Nope.

What the evidence is showing so far in Vermont is that the tens of millions of dollars so far spent on publicly funded pre-k has been for naught, and may even be causing harm. The NECAP scores are in line with findings from the U.S. Health & Human Services Agency’s Head Start Impact Study, which concluded, “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 1 grade for the sample as a whole.” By third grade there is complete fade out.

You would expect, according to the promises made by proponents, that the more kids in a class who participated in high-quality, publicly funded pre-k the better that class on the whole would perform. But what the numbers are showing is that as the percentage of kids who have gone through Vermont’s publicly funded pre-k programs increases score on the whole decreases. Is that cause or coincidence? We need to dig further to say for sure (and this is just one measure), but it should certainly give policy makers — and parents — pause.