

Ethan Allen Institute

Newsletter – October 2018 (Printer Edition)

Top Stories

Sixteen Pointed Questions for 2018 Candidates

John McClaughry

Here are sixteen incisive questions that citizens might want to pose to candidates for Governor, Lt. Governor, and the legislature as Election Day 2018 approaches:

1. School Spending Control: Do you believe the State should take control of all K-12 public education, reorganize school districts, mandate higher pupil to staff ratios, and enforce rules to control school spending?
2. Paying for Education: Do you support increasing income or sales tax rates to further subsidize residential school property taxes?
3. Parental Choice: Do you support protecting parental choice in education and expanding it to all pupils and parents?
4. School Consolidation: Do you support Act 46 of 2015, that requires consolidation of town school districts into larger unified districts?
5. Minimum Wage: Do you support a state law requiring that all employers pay their employees \$15 an hour by 2020?
6. Parental Leave: Do you support mandating employers of more than ten employees to offer twelve weeks of parental leave per year, for pregnancy, birth, adoption, or serious illness, paid for by a payroll tax paid by all covered employers?
7. Energy Mandate: Do you support the State adopting whatever regulations, mandates, subsidies and taxes may be required to make 90% of all energy used in Vermont come from renewable sources, such as wind, solar, and hydro, by 2050?
8. Carbon Tax: Do you support enactment of a carbon tax on fossil fuels, such as natural gas, heating oil, gasoline, diesel fuel and propane, with the net revenues used to subsidize renewable energy production and the electric bills of low income and rural Vermonters (The ESSEX Plan)?
9. Land Use Regulation: Do you support making a proposed development achieve net zero carbon dioxide emissions (to combat “climate change”) a condition for obtaining a permit under Act 250?
10. Pension Fund solvency: Do you support the voting additional funds beyond the “Annual Required Contributions” to the State Employees and Teachers

Retirement Funds, in order to work down the present \$4.5 billion unfunded liability?

11. Health Insurance Mandate: Do you support the State levying special taxes or fines, or suspending drivers, hunting and fishing, and other licenses, upon individuals who refuse to purchase state-approved health insurance on the Vermont Health Connect exchange?
12. Health Care Reorganization: Do you support creating a mandatory-participation “All Payer” health care system, whereby Medicare, Medicaid, and private insurance carriers pay a large “Accountable Care Organization” of hospitals, clinics and doctors to manage the health care of the families they cover?
13. Gun Control: Do you support repeal of the provision of Act 94 of 2018 that makes it illegal for an individual to possess a firearms magazine holding more than 10 rounds for a rifle or 15 rounds for a handgun (unless he or she possessed the magazine before October 1)?
14. Mandatory seat belt usage: Do you support allowing law enforcement to issue tickets to adult drivers, who are not otherwise committing an offense, for driving without a buckled seat belt?
15. Marijuana: Do you support setting up a state-regulated system for the retail sale and taxation of marijuana?
16. Ballot Reform: Do you support changing election law so that voters would cast a single “one big choice” vote for their preferred Governor-Lt. Governor team , and the legislature would elect the Treasurer, Secretary of State, Auditor and Attorney General as they do the Adjutant General?

Try out the questions that interest you on your candidates for Governor, Lt. Governor, House and Senate. If they can't give you a coherent reply, look for others who can.

By Rob Roper

Commentary: The School Consolidation Big Hammer

By John McClaughry

For over half a century, the managers of Vermont's public education system have yearned to consolidate school districts, get rid of “inefficient” small schools, and install progressive ideas that the locals were too obtuse to grasp and implement themselves.

Until 2009 those efforts repeatedly failed. But in that year Education Commissioner Armando Vilaseca aggressively renewed the push for consolidation. His “Transformation Policy” report recommended that “by July 2012, Vermont's PreK-12 public education system is constituted into 12 to 24 education districts.” In 2013 Vilaseca

explained that “After seven or eight years, if the districts haven’t joined together, then the State will come in.” He did not mean that the State would “come in” with preaching and incentives. He meant that the State would come in with a Big Hammer.

Vilaseca is gone, but his consolidation push came to fruition in 2015 with Act 46. It has proven to be one of the most wretchedly drafted and confusing laws to emerge from the legislature in living memory.

If Act 46 can be summarized in a nutshell, it is this: every town school district is required to merge with one or more others into a state-approved unified district, aided by grants and tax incentives; the districts that can’t or won’t comply will be assigned to a mega-district by the Secretary of Education. The town school districts will be legally exterminated, whether the locals like it or not.

The legislature was warned. Marty Strange, formerly of rural Nebraska and now of Randolph, was for 15 years policy director of the Rural School and Community Trust. He is a nationally known expert on rural school consolidation.

In a powerful analysis following the passage of Act 46, which he strongly opposed, Strange said “schools that did not take the ‘voluntary’ consolidation bait will be subject to penalties...the reformers [consolidators] assure, it is not about wanting to close schools or save money, but about providing the children in these schools the ‘opportunities’ they can only enjoy if their schools are under the control of a larger bureaucracy. They see themselves as saving children, not only from decrepit small schools, but from the backward rubes who run them.”

As the bureaucratic and legal process of Act 46 ground forward, many schools found suitable partners, took the incentives, and formed unified districts as intended. Many others grudgingly did so under the threat of penalties. But some districts just won’t satisfy the educrats. As Strange presciently wrote in 2015, “By 2019, if they can’t be baited or bullied into uniformity, school districts will be simply ordered into mergers as seen fit by the State Board of Education.”

To the shock and dismay of the educrats, a number of town school districts have found a powerful weapon of resistance. In districts like Holland, Chelsea, Rochester, and Blue Mountain Union (Wells River, Ryegate, Groton), they’re voting to close their schools and become tuition (choice) towns.

Craftsbury attorney David Kelley, representing the resisting Alliance of Vermont School Board Members, has put the Agency of Education on notice that it will soon face a wide-ranging lawsuit that will claim that Act 46, and the Agency’s administration of it, is legally defective and possibly unconstitutional. A similar group, Vermonters for Schools and Community, is urging immediate changes in Act 46 enforcement, in part to head off moves to increase parental choice.

Public school closing and tuitioning is bad news for the educrats, but it gets worse (for them, not for the kids). Some of the resisting towns are planning to reopen their closed public school as an independent school competing for tuition vouchers with other public and independent schools. North Bennington did this in 2012. Now it’s under active consideration in Ludlow, Mt. Holly, and Blue Mountain.

The Agency’s lawyers have rushed out a memo to thwart those strategies. They claim that a town’s decision to close and tuition pupils for school year 2019 will be illegal because the Board will finalize its Statewide Plan before town voters can be warned to act. The town will then no longer be a legal school district, because the Plan will have forced it into the merger it opposes.

What's the way out of this? Reversing Act 46 at this point is a dubious proposition, but the deadlines could be extended for five years, the State Board's Statewide Plan could be legislatively rescinded, and the Board could be stripped of authority to promulgate plans and rules affecting school district organization. In the longer run, deregulated public school districts should be made to compete with each other and independent schools to attract tuition voucher revenues from customers, instead of extracting their revenues politically by school district budget votes.

Does that sound radical? Yes, it does. But as none other than President Obama has emphatically said (speaking of health care), "My guiding principle is, and always has been, that consumers do better when there is choice and competition."

- John McClaughry is vice president of the Ethan Allen Institute

Commentary: Unions vs. Teachers: Thoughts After Janus

By Rob Roper

Following the Janus vs. AFSCME Supreme Court decision that ruled public sector unions can no longer force non-members to pay agency fees, both the unions and Vermont's teachers have some questions to reflect upon. The big one for teachers is, are my union dues really worth it?

According to statements made to the media by VTNEA spokesperson Darren Allen, the difference between the agency fee charged to non-members by the teachers' union (\$454) and the full union dues (\$629) was just \$175. Before Janus, the question potential members had to ask themselves was, if I'm going to be forced to pay \$454 anyway is the extra \$175 worth it to be a full voting member of the union. Now the question is, is that worth over \$600, or am I better off just pocketing all that cash?

The unions, on the other hand, have to figure out ways to refocus their priorities and create real and perceived value for potential members.

Teachers' unions now operate primarily as political entities focused on influencing elections with a specific partisan bias toward Democrats, which not all of their members necessarily agree with. That didn't matter when workers of all political stripes were forced to pay up regardless. It matters now.

The union sees its power as coming from the ability to raise money and mobilize people to the polls. As such, the union benefits most by advocating for policies and legislation that expand its membership. More members mean more dues and more voters. But this model isn't necessarily in the best interest of teachers. In their quest to expand membership, "teachers'" unions have evolved into what would more accurately be described as district employee unions, which incorporate not just teachers, but administrators and other staff. As such, the focus on teachers' interests are diluted.

For example, most people think that classroom teachers (and, when most people think of “teachers” they think of the people in the classroom) deserve more pay. Anyone who’s spent eight hours trying to get one kid to concentrate on a task that he or she would rather avoid can sympathize with the challenge of getting twenty kids up to speed on how to multiply fractions or diagram a sentence. The ones who are really good at this – the ones we can all look back upon as having changed our lives – are highly valuable members of society and should be so compensated. In Vermont, we spend roughly \$20,000 per pupil. Think of that number this way: if there are twenty kids in the classroom we are spending \$400,000 a year on that classroom. Where does all that money go? Not the classroom teachers’ salary. Those resources are being used to expand the number of employees outside the classroom.

Over the past few decades, the national trend has seen the number of non-teaching staff in public schools skyrocket, well out of proportion to increases to student population. The number of classroom teachers, on the other hand, has remained steady with student population growth. In Vermont we have the lowest staff to student ratio in the nation at 4-1. Total pending on K-12 has exploded too. This is good for the union – more people equals more dues and more voters – but, it’s not necessarily in the best interest of teachers. Or students, or taxpayers, for that matter.

Teachers (and, again, students and taxpayers) would benefit more from policies that directed resources into the classroom. Unfortunately, this is a low-to-no growth proposition for the unions because there are only so many adults you can put into a classroom and only so many kids to serve. But, you can fill skyscrapers with backroom staff, so that’s the priority. From the union’s perspective, ten low to moderately paid members is better than five highly paid members. Those whose compensation is being held back by this dynamic may disagree.

By putting unions in the position of having to work harder and prove value to their membership, teachers, students and taxpayers will benefit. Unions, if they’re up to the challenge, will benefit too. After all, a membership made up entirely of people who have enthusiastically volunteered to take part in an organization will be stronger than one in which a large proportion of its members were dragged in against their will.

- *Rob Roper is president of the Ethan Allen Institute.*

Events

October 16. Rob Roper makes a presentation to Waterbury Rotary about the key issues facing voters in this election.

News & Views

EAI’s Carbon Tax Work Goes National. In case you missed it, EAI president Rob Roper and Patrick Gleason of Americans for Tax Reform co-wrote an article published in

the Orange County Register, [Regressive carbon taxes a non-starter, even in blue states](#). We were honored that our work on Carbon Tax issues here in Vermont were recognized by this national organization and the paper that published the article.

What's in Your Wallet? “Vermont’s median income fell by 2.4 percent last year while the national median rose by 2.5 percent. Vermont has the dubious distinction of being one of only 10 states where income was lower in 2017 than 2016. To add insult to injury, only one state, Alaska, had a bigger decline than Vermont.” - Art Woolf, BFP, 9/19/18

No Income Tax. No Sales Tax... “New Hampshire had the highest population growth of any Northeastern state between 2016 and 2017-- that's according to a recent study by Pew Charitable Trusts. The Pew report says the state population increased by about 8,000 people or 0.58 percent. That's higher than the national average of 0.46. New Hampshire's Department of Business and Economic Affairs says this is an encouraging trend. They say the majority of new residents are in the 25-44 age group, which the state is targeting. Vermont's population-- on the other end of the spectrum-- did not grow.” [WCAX, 9/4/18](#)

The Flight of the Golden Geese. The Burlington Free Press ran a story on lakefront property sales, and the news is not good. Wealthy homeowners are fleeing Vermont’s high taxes and are taking low bids to get out. “Vermont’s property taxes rank among the highest in the nation, and it has the seventh-highest top marginal tax rate in the country,” Smartasset.com reported. “Another problem for extremely wealthy individuals is the flat Vermont estate tax rate. Any estate worth more than \$2.75 million is exposed to a tax rate of 16%.” Some might say who cares what happens to these rich folk and love the fact that Vermont sticks it to ‘em, but remember, when these people leave you get to pick up their portion of Vermont’s tax bill. ([BFP, 9/1/18](#))

Senior Citizens Would Get Hit Hardest by a \$15 Minimum Wage. The \$15 minimum wage is an increasingly hot topic in the election debates. According to UVM economist Art Woolf, a majority of Vermonters living below the poverty line do not work. That’s 31,000 non-working poor. Many of these are retired senior citizens living on a fixed income. Of course, if you’re not working you will receive zero benefit from an artificial increase in the wage rate. However, you would be harmed by the very real inflation resulting from the policy. Senior citizens living on fixed incomes would, therefore, have to pay more for things like food, nursing care, household help, etc. and so on, with no boost in income to help cover those costs. In other words, fixed incomes would not stretch as far under a \$15 minimum wage. ([EAI Blog, 9/15/18](#))

Who Benefits from the Carbon Tax? “A carbon tax would inevitably punish poor, rural Vermonters who must have gasoline to get to work and heating oil to stay warm. For the same reason it would scarcely be felt by well-off, urban Chittenden County residents who live in newer, more efficient homes equipped with heat pumps and who drive fewer miles to work in newer, more fuel-efficient cars. It is perhaps no coincidence that most sponsors of various carbon-tax bills represent Chittenden County’s “inner ring” of affluent cities and towns”. “Who benefits from a carbon tax? Not poor, rural Vermonters, that’s for sure.” – Guy Page Statehouse Report, 9/13/18.

Education “Reforms” About Control, Not Students. “Consolidating power in the hands of bureaucrats, superintendents, and minions operating ever farther from the schools and classrooms they govern doesn’t foster equity or quality. All it promotes is inappropriately uniform, one-size-fits-all regulations and policies. When are Vermonters going to realize that schools have become so expensive because of the mandates and “initiatives” forced on them from above? Yet these are the same administrative officials and state bureaucracies in whom consolidation would vest even more power.....The last thing we should do is surrender more authority to remote officials who have proven the most inclined to inflate costs and the least competent to ensure the quality of our children’s education.” – Weathersfield schoolteacher Peter Berger ([VTDigger 3/25/15](#))

“Free Tuition” Not Free for Property Taxpayers. Democratic gubernatorial candidate Christine Hallquist recently announced her plan to offer “free” college education for low income Vermont students. Only, the plan is not free for Vermont property taxpayers. Although Hallquist’s long term funding plan includes a vague hope that savings from reducing Vermont’s prison population can be applied to tuition subsidies, the short-term funding plan, according to reporting by [VT Digger](#), refers to S.231, a bill championed by Progressives in the last legislative session. S.231 says: “... an amount of \$30 million shall be appropriated and transferred from the Education Fund to the Fund. For each subsequent fiscal 20 year, the amount appropriated and transferred under this subdivision shall be increased over the fiscal year 2020...” This, of course, means that property taxes will have to increase by \$30 million, or K-12 education will have to be cut by that amount. ([EAI Blog, 9/13/18](#))

Gun Owners of Vermont Launches Second Lawsuit over S.55. The first lawsuit challenging the constitutionality of the gun control law passed during the latest legislative session dealt only with the ban on “high capacity” magazines. This second suit targets the law’s provisions raising the age to purchase long guns to 21, the requirement for universal background checks, and the ban on bump stocks.

Tough Love Regarding the Childcare Crisis. “Do you know why child care is so expensive? Because we have broken homes with single parent families where one parent is trying to raise a kid while also paying for full time care of that child. You know why people didn’t have to worry about that in the past? Because they didn’t have children out of wedlock, and they didn’t get divorced. So yes, you’re facing a setback prior generations didn’t, BECAUSE THEY WEREN’T ACTING AS STUPID AS YOU ARE.... – Soopermexican, [The Right Scoop](#).

Climate Change Causes Hurricanes? “The Intergovernmental Panel on Climate Change reported in 2014 that there has been no increase in hurricanes, floods, droughts or tornadoes within the past 30 years.” - Climatologist Dr. Roger Pielke Jr., (WSJ 9/14/18)

Worth Hearing Again. “We are a nation that has a government — not the other way around. And this makes us special among the nations of the Earth. Our government has no power except that granted it by the people. It is time to check and reverse the growth of government, which shows signs of having grown beyond the consent of the governed. It is my intention to curb the size and influence of the federal establishment and to demand recognition of the distinction between the powers granted to the federal

government and those reserved to the states or to the people. All of us need to be reminded that the federal government did not create the states; the states created the federal government.” – Ronald Reagan (Inaugural address, 1/20/81)

Book of the Month

Discrimination and Disparities

By Thomas Sowell

Basic Books (2018), 144 pages.

As issues of race and race-based policies rise to the top of the political debate here in Vermont, Thomas Sowell’s book, *Discrimination and Disparities*, becomes a must read. Sowell is a renowned economist and a senior fellow at the Hoover Institution, who also happens to be African-American. In this book he takes a detailed look at the myths surrounding racism and the factors behind racial disparities in our nation.

One underlying theme throughout the book is the important role the free markets plays in breaking down racial barriers and, conversely, the negative role many ostensibly well-meaning government interventions have had in perpetuating them. Many of the examples he cites are relevant to policy discussions we are having in Vermont today regarding minimum wage laws, incarceration rates and police stops, criminal background checks, and regulations that supposedly protect minorities from discrimination.

On the minimum wage, for example, Sowell points out that before the real impact of The Fair Labor Standards Act law kicked in “...there was no significant difference in the unemployment rates of black and white teenagers in 1948, [each being around 10 percent].... After the effectiveness of the minimum wage law was restored by recurring minimum wage laws in later years, not only did teenage unemployment rates as a whole rise to multiples of what they had been in 1948, black teenage unemployment rates became much higher than the unemployment rate for white teenage males, usually at least twice as high for most years between 1967 on into the 21st century.” A similar story plays out for labor force participation rates.

The reason for this is that in a competitive labor market, employers face a real cost if they discriminate against qualified minority workers who may not cost as much to employ. The employer has to pay attention to the economics or run the risk of being losing out to competitors. Creating an artificially high wage that all have to pay actually has the effect of removes that pressure and allows the employer to let racial considerations drive the hiring decision.

Sowell illustrates the free market counter example in regard to sharecroppers in the post-Civil War South. Although racist Southern white employers attempted to impose hiring restrictions on black workers and sharecroppers, it quickly became apparent that the white employers who broke those rules and hired blacks were much more profitable than those who didn’t. In other words, it didn’t pay to be racist.

He recounts a similar story regarding segregated transportation. “Many, if not most, of the bus and trolley companies in that era were privately owned, and their profits depended upon how many people, whether black or white, chose to ride in their vehicles. The decision makers in these privately owned companies understood that they could lose profits if offending black customers by making them sit in the back or to stand when all

the back seats were taken, even if there were vacant seats in the front section that was reserved for whites. Indeed, racially segregated seating could even offend some whites when all the white section seats were filled but there were vacant seats in the section set aside for blacks.” As such, it was these private transit companies in the South fought against passage of laws requiring racially segregated seating in busses and trolleys, and brought the Supreme Court Case, Plessy v Ferguson in an attempt to have the laws overturned.

As Sowell argues, “In a competitive market for labor, or for the sale of the employers products, the validity of the beliefs behind the a business owner’s decisions can determine whether that business operates at a profit or a loss, or whether it survives or is forced to go out of business.”

On the other hand, state sanctioned monopolies and non-profits have no such incentive, and are therefore free to act on prejudice rather than economic pressure. “Similar incentives produced similar outcomes in non-profit organizations such as academic institutions, hospitals, and foundations, and different outcomes in profit based businesses operating in competitive markets. Like decision makers in regulated public utilities, those in non-profit organizations were able to go along with whatever the prevailing opinions and pressures of the time might be without having to worry about the costs created by discrimination against minorities, which their institutions would have to pay. Against this background, it is unsurprising that employment discrimination against blacks and Jews was especially widespread among colleges, universities, hospitals, and foundations until after World War II... Before that happened, however, there were 300 black research chemists employed in private businesses in the earlier era, but only three black PhDs in any field employed by white universities.”

One final example to share here (for the rest you have to read the book!) has to do with criminal background checks. Sowell cites a study illustrating that found, “Employers who automatically did criminal background checks on all their employees... tended to hire more young black males than did other employers. In other words, where the nature of the work made criminal background checks worth the cost for all employees, it was no longer necessary to use group information to assess whether individual black job applicants had a criminal background.”

All this should give Vermonters something to think about as we deal with rising racial tensions while at the same time considering raising the minimum wage, have more non-profits and government sanctioned monopolies per capita than any other state, and just passed a law limiting employers ability to do criminal background checks on prospective employees.

- Reviewed by Rob Roper, president of the Ethan Allen Institute.

The Final Word

October Survey: Vote Fraud

1. Do you think the upcoming Vermont election is vulnerable to vote fraud?
 - a. Yes
 - b. No

2. Have you seen examples of vote fraud in your community?
 - a. Yes
 - b. No

[CLICK HERE](#) to take the survey!

September Survey Results: How to lower property taxes?

1. My Vermont property tax bill...

- a. ... went up this year. 80/6% (54)
- b. ... went down this year. 2.99% (2)
- c. ... stayed the same this year. 13.43% (9)
- d. I don't pay Vermont property taxes. 2.99% (2)

2. My Vermont property tax bill is...

- a. ... cripplingly high. I may have to move. 32.35% (22)
- b. ... uncomfortably high. 58.82% (40)
- c. ... manageable/fair. 5.88% (4)
- d. ... low. 0%
- e. I don't pay Vermont property taxes. 2.94% (2)

3. What would be the best way to reduce public education costs in Vermont in order to lower property tax bills?

- a. Set a maximum cap for per pupil spending (adjusting for grade levels). 11.59% (8)
- b. Mandate higher pupil to staff ratios in all public schools. 17.39% (12)
- c. Create one statewide school district with the legislature accountable for setting budgets. 1.45% (1)
- d. Provide tuition vouchers to all pupils and let them choose among a variety of competing public and independent schools. 59.42% (41)
- e. Other (please specify) 10.14% (7)