Spring 2024 A Pacific Research Institute Publication



How PRI is helping turn grassroots wins into school board policy victories



PRI IN THE NEWS

NEWYORK POST

Undocumented immigrants will qualify for free health care in California on Jan. 1

"The expansion was a bad idea when the state's coffers were flush. Now that California is struggling to make ends meet, using taxpayer money to cover non-citizens is simply irresponsible."

Sally Pipes, President, CEO & Thomas W. Smith Fellow in Health Care Policy at PRI

The Washington Times

Reliable Reporting. The Right Opinion.

Pentagon-run schools led the nation in math and reading last year

"Regular public schools, therefore, should learn many lessons from the success of DoD schools, especially since the DoD success recipe is not rocket science," Mr. Izumi said.

Lance Izumi, PRI Senior Director for Education

REGISTER

California doesn't have a prison overcrowding problem. We have a governor and Legislature problem.

According to the Pacific Research Institute's study Paradise Lost: Crime in the Golden State 2011-2021, "more Californians are dead, have been sexually assaulted, and are the victims of traumatic injury," than if legislative and public policy efforts including Proposition 47, as well as Assembly Bill 109 (realignment that released serious offenders into our local communities) and Proposition 57 (early release of prison inmates) had not occurred.

Steve Smith, PRI Senior Fellow for Urban Studies



Climate disclosure rules raise burden, risks for businesses in California, across U.S.

"These costs must be borne by someone – either (by) employees through lower pay, companies through lower profits, or consumers through higher prices. However these costs are divided, it is consumers (mostly in California but across the nation) who will ultimately bear some of these costs."

Wayne Winegarden, PRI Senior Fellow for Business & Economics



\$25 healthcare minimum wage to cost California \$4 billion in first year

"Increasing the minimum wage to \$23 per hour starting in 2024 and reaching \$25 in 2026 for health care workers in medical facilities with 10,000 or more employees is fiscally irresponsible, particularly at a time when the state is facing a severe budget deficit," said Sally Pipes.

Sally Pipes, President, CEO & Thomas W. Smith Fellow in Health Care Policy at PRI

BREITBART NEWS

Canada Wildfires Send Another Toxic Smoke Plume Across America from Seattle to Miami

The Pacific Research Institute (PRI) pointed out in July that Canada's summer wildfire trend was flat, or even decreasing slightly, for almost 40 years before fires began picking up in 2021—clearly not a result of "climate change," which has supposedly been getting catastrophically worse for every one of those past 40 years, but because the consequences of poor forest management policies were finally felt.

Kerry Jackson, PRI William Clement Fellow in California Reform

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Wednesday, April 10, 2024 6-9pm The Pacific Club



featuring Stephen Moore Keynote Speaker and 2024 Baroness Thatcher Liberty Award Recipient



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DEAR FRIENDS AND SUPPORTERS,

The public school system in America is under the microscope more than ever before, leading concerned parents and student advocates to speak out and run for their local school boards. This has created an abundance of passionate new, anti-progressive school board members across the nation, many of whom are the lone voice of reason on their boards, hoping for change, but lost on where to start.

This edition of *Impact* celebrates the success of PRI's new School Board Member Training Program that hosted conferences for hundreds of school board members across four states in 2023. On pages 4-6, read about the success of our events in California, Texas, Washington, and Arizona, and learn how PRI has helped prepare board members to improve student achievement, expose and reject bad ideas being promoted by their local teacher unions, and balance school budgets.

Washington, D.C. continues to get it wrong on the health care debate and ignores market-oriented reforms that are good for patients including achieving better access to care and affordability that would bring down the cost of health care. On pages 8-9 read my 2024 health care reform agenda for achieving affordable, accessible, and high-quality healthcare. You will also find the results of PRI's annual health care survey on page 7 which reveal that Americans are satisfied with their current health care plans and aren't eager for a complete government takeover of our health care.

PRI's Free Cities Center recently published a "Free Cities Index" exposing the nation's top five and bottom five "pro-growth" cities. On pages 12-13, learn where the nation's 50 most populous cities rank when it comes to tax burdens on businesses and individuals, how costly their regulatory environments are, and how efficiently they provide core public services.

Also in this issue:

- California public schools continue to perform poorly in core subjects like math and reading and are failing our students. Read Lance Izumi's latest to learn why our test scores are nothing to celebrate (Pages 16-17).
- Discover the shocking crime data disparity and under reporting occurring that place potential victims in greater danger in Steve Smith's article, "Murders are up We're just dying less" (Page 20).
- The concerns around California's push for renewable energy are growing. Read Kerry Jackson's latest on Governor Newsom's green "idealism" and the state's potential future for blackouts (Page 22).

Our work to promote free-market ideas would not be possible without your generous support. In 2024, let us continue to partner together to improve the quality of life of all Americans and advance freedom-based solutions to bring us greater prosperity and less government.



Sally C. Pipes
President, CEO, and
Thomas W. Smith Fellow in
Health Care Policy
Pacific Research Institute



The Pacific Research Institute revamped its School Board Member Training Program last November 2022 in San Diego, hosting more than 50 school board members from across California. Since then, we have hosted multiple webinars and conferences across states including California, Texas, Arizona, and Washington. Hundreds of school board members had the opportunity to listen to speakers on free-market education reform topics and had ample opportunities to network with likeminded board members fighting the same fights across their state.

SCHOOL BOARD MEMBER CONFERENCES

Texas

PRI's inaugural Texas School Board Member Conference took place on September 28 in Dallas, TX. While many esteemed speakers from across Texas gave helpful presentations to assist board members, we were honored to have author and education reform advocate AJ Crabill. AJ is the author of the book *Great On Their Behalf: Why School Boards Fail, How Yours Can Become Effective* and spoke on the student readiness panel, empowering Texas school board members to take accountability and action in their board meetings to prioritize student achievement. He began his comments challenging school board members with the sentiment, "Student outcomes don't change until adult behaviors change."

Crabill also addressed the controversy in the Texas education system over testing and holding students to a standard. He argued that assessments are like any other tool in a board member's toolbox. If we want to make a difference with children, he said, we have to know what they are currently able to do so we can implement the changes necessary for them to academically achieve.

The conference also welcomed Mary Lynn Pruneda, senior policy advisor for Texas 2036 and former education policy advisor to Governor Greg Abbott, to discuss the disconnect between

the growing Texas job market and the inability of the Texas public school system to produce qualified workers for the marketplace.

Thank you for your investment in me and my two Board colleagues at the one-day conference last week. We enjoyed it and took away many nuggets to work on in one of the fastest growing school districts in Texas.

The conference was very useful. I also liked the accessibility of the speakers and the interaction time with other school board members from all over the state.



Melanie Sturm, Founder & Principal, Engage to Win

I got more from

than I did in 4 days

1 day with PRI

from WSSDA's

conference

last year!!



Washington

Our one-day school board member training in Bellevue, WA on November 15 addressed issues such as Washington's budget and enrollment crisis and implementing unique district curriculum needs. We were honored to have State Rep. Jim Walsh, whose late wife was a former

school board member, discuss his efforts in the Washington Legislature to improve the curricula decisions in Washington schools and give advice on how to influence the legislative process in Olympia.

Liv Finne, director of the Center for Education at the Washington Policy Center, gave an impactful presentation of Washington state education spending trends over the years and how those trends will impact the decision making of local school board members.

The state of Washington has seen 46,000 families withdraw their children from public schools, one of the largest drops in the nation, which has been detrimental to school district budgets. Many school board members in the state are faced with having to cut programs, close schools or fire teachers to respond to the decreased funding. Her comments encouraged school board members to ask the hard budget questions, find out where their district's revenue is going, and learn how to advocate for students, and reconfigure budgets to focus resources on the classroom.



California

PRI's second annual California School Board Member Conference was held one day before the start of the annual California School Board Association conference on November 29. The conference keynote speaker was former Congresswoman Connie Conway, who shared advice from her long career in elected office about how school board members can move their agenda forward, even while serving in the minority. She encouraged board members to ask themselves "How does this help us win?" before making decisions in elected office.

Along with informative discussions on battling district superintendents and teacher unions, the decline in civics student proficiency and communication tactics, the training in San Francisco also hosted director for local outreach for the Alliance of Constructive Ethnic Studies, Lia Rensin. Lia spoke on the panel "Preparing for the New Ethnic Studies Graduation Requirement" that discussed a new law in 2021 requiring high schools to begin offering ethnic studies courses in the 2025-26 school year.

Rensin's insight empowered California school board members to find a curriculum that works for their district and exposed the state's ethnic studies model curriculum for its antisemitic and progressive content. Board members also had the opportunity to hear from two fellow school board members who have worked with Rensin to fight their districts' highly politicized and divisive ethnic studies curriculum.

Arizona

The PRI School Board Member Training Program finished the year on December 5 with our Arizona School Board Member Conference in Scottsdale, giving practical tools for dealing with school budgets and increasing Arizona student achievement. The conference keynote speaker was State Senator Ken Bennett, who is a former Arizona State Board of Education member. Sen. Bennett engaged the attendees with a presentation illustrating Arizona's state budget and urged board members to fight for increased student achievement as their most important budget priority.

so much valuable

information to share.

and practical

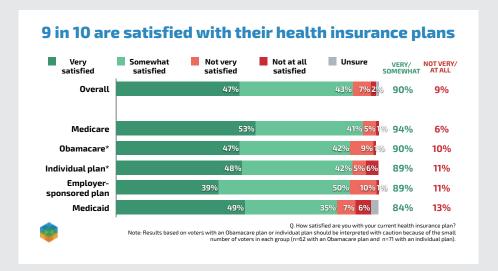
Whitney Marsh, director of policy operations with Yes Every Kid Foundation and education policy advisor for former Arizona Governor Jan Brewer, gave an excellent presentation on implementing a successful school budget.

Many elected school board members are parents who are passionate about the state of their children's schools but lack the experience or tools to tackle intimidating district budgets. Marsh offered a tutorial on how the state budget process works, how district budgets work, education funding sources available to local districts, and the questions that local school board members should be asking during the district budget process.

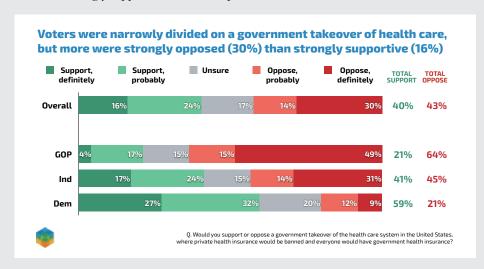


PRI'S LATEST HEALTH CARE SATISFACTION SURVEY

Pacific Research Institute's new national survey found that, for the second year in a row, an overwhelming majority of Americans are satisfied with their current health coverage. 90 percent of those surveyed said they were satisfied with their current health insurance plan, compared to 9 percent who said they were dissatisfied. This represents a 4 percent increase in people's satisfaction compared to PRI's 2022 survey. The survey was conducted for PRI by the national polling firm Echelon Insights.



When asked whether they would support a complete government takeover of America's health care system, where private health insurance would be banned and everyone would be enrolled in a government plan, voters leaned more toward opposing than supporting such a move (43% opposed versus 40% in support), with 3 in 10 saying they would strongly oppose it, compared to just 16% who were strongly supportive. Seventeen percent of voters were unsure.



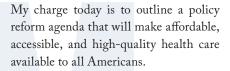
Americans are satisfied with their current health care plans and aren't looking for a government takeover of our health care system. Policymakers should listen to the voices of the American people and think twice before supporting the disastrous 'Medicare for All'plan being pushed by Sen. Bernie Sanders and his allies in Congress.

—Sally Pipes PRI President, CEO, and Thomas W. Smith Fellow in Health Care Policy

Impac

A 2024 HEALTH CARE REFORM AGENDA FOR ACHIEVING AFFORDABLE, ACCESSIBLE, HIGH QUALITY CARE

Published in *Capital Ideas*By Sally Pipes



It's an important and difficult task. And it's one to which I've devoted my professional career. Since moving to the United States from Canada in 1991, I've advocated for market-oriented solutions to the thorniest health policy challenges. I've also cautioned Americans against embracing the government-dominated, single-payer healthcare model of my native land.

Free markets are the most efficient, most effective way to distribute and allocate goods and services. In the healthcare context, market-oriented policies provide for robust competition among providers, minimize regulations that distort the decisions of actors in the healthcare market, and most important, empower patients.

In 2023, the Biden administration launched a program of price controls on

prescription drugs dispensed through Medicare, the health plan for seniors, as authorized by the Inflation Reduction Act of August 2022.

For years, Democrats have been the party responsible for pushing these disastrous policies. But in recent years, something troubling has developed: the GOP, once the party of free enterprise, has become more comfortable with government meddling in the healthcare market.

In September, Republicans in North Carolina green-lit an expansion of Medicaid, one of the main policy priorities of the Affordable Care Act, after years of resisting.

Senator Josh Hawley (R-MO) has even called for the federal government to regulate the price of prescription drugs.

Still, there are glimmers of hope. At the second Republican presidential debate, former Vice President—and now former GOP candidate—Mike Pence called for reallocating federal healthcare dollars to

the states. Nikki Haley criticized pharmaceutical industry middlemen and outdated healthcare regulations.

That's a promising start. But a few quips on the debate stage do not make an agenda.

Which brings us back to the topic at hand. I'll outline an agenda that any presidential candidate sympathetic to free markets should be happy to endorse. I'll walk through policies that will promote innovation, competition, and transparency—and suggest some outdated and ineffective rules and regulations that lawmakers should eliminate.

Eliminating Harmful Regulations to Clear the Path for a Brighter Health Care Future

Certificate-of-need laws are actively detrimental to patients and the health-care system. These laws prohibit hospitals and other healthcare providers from modifying or expanding facilities without first obtaining permission from state government.



Certificates of need were intended to keep health costs down by preventing inflation that could be caused by the construction of excess medical capacity. If a hospital pays for a new MRI machine, the thinking goes, providers will feel compelled to use it—potentially by ordering unnecessary procedures for patients.

These laws are on the books in 35 states and the District of Columbia. And they've utterly failed in their intended pursuit.

Certificate-of-need laws stifle competition by giving incumbent healthcare providers the opportunity to lobby against the entry of competitors into the markets where they operate.

Reforming the Health Care Insurance Market

Roughly 8% of Americans were uninsured in 2022. The remainder got their health insurance from one of three sources: the government, their employer, or the individual market. Each payer has its problems.

Employers spend about \$8,400 on average to insure a single employee, a 7% increase from last year, according to the Kaiser Family Foundation's annual Employer Health Benefits Survey. The comparable premium for a family is nearly \$24,000.

A functional individual market would address some of the weaknesses of the employer-sponsored market. But Obamacare has rendered our individual market completely dysfunctional.

Deregulating short-term plans would quickly and easily expand access to affordable coverage. Democrats say that's their goal—but their actions suggest otherwise.

Changing How We Pay for Health Care

Under the healthcare status quo, third-party payment rules. Employers or individuals purchase insurance, and providers file claims with those insurers for compensation. Beneficiaries are generally unaware of the prices of the healthcare services they consume.

Providers themselves may be unaware of those prices—they simply file a claim, and then the insurer turns around what would seem to most observers an arbitrary reimbursement.

The system is opaque and rife with misaligned incentives. The insurers' customers aren't the beneficiaries—they're the employers. Providers' customers aren't the beneficiaries—they're the insurers. Patients are almost afterthoughts.

We need to make the market for health care much more like the market for other goods and services, where consumers are in charge—where they control their own dollars and can make their own decisions about how and where to seek care.

Sally C. Pipes is president, CEO, and the Thomas W. Smith fellow in healthcare policy at the Pacific Research Institute. Her latest book is "False Premise, False Promise: The Disastrous Reality of Medicare for All". (Encounter Books, 2020). Follow her on X (Twitter) @sallypipes.

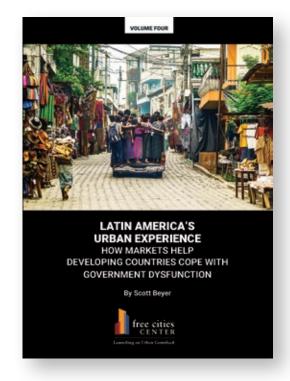
LATIN AMERICA'S URBAN EXPERIENCE SHOWS HOW MARKETS HELP DEVELOPING COUNTRIES COPE WITH GOVERNMENT DYSFUNCTION

Despite its socialist political traditions, Latin America offers some free market lessons for the West Coast's urban centers on housing, transportation, government services and startup cities, finds a new book released by PRI's Free Cities Center.

"For all its high-level socialism, Latin America is in many ways a place where it's easier to own a home, start a business, or move as you choose," said Scott Beyer, the author of "Latin America's Urban Experience. "California shouldn't copy everything about Latin America — especially the socialism that is built into its political history and fabric. But state policymakers would do well to learn from the best aspects of Latin America's urban policy."

The book builds upon the experiences of Beyer, the founder and editor of the Market Urbanist, traveling through Latin America exploring how market urbanism – or private-sector actions that create organic growth and voluntary exchange within cities – works in developing countries. It offers lessons from the cities visited on his trip that should be studied by urban centers in the U.S.

Housing: Beyer contrasts the government-created home affordability and availability crisis in California with Latin America's diverse housing models. He describes his visit to the Independencia neigh-



borhood in Monterrey, Mexico, which featured every use of "mixed use" development imaginable and was hyper-dense with no vacant lots despite being low rise, and liberal labor laws in Honduras allowing developers to hire hordes of workers to finish projects quickly and at lower costs.

Transportation: In contrast to California cities wracked with traffic gridlock and malfunctioning mass transit, Beyer shows how Latin American cities have flexible, largely market-driven transportation networks such as tuktuk taxis serving residents of Lima, Peru and Mexico City's system of private buses called peseros.

Startup Cities: The proposed Solano County startup city is generating NIMBY opposition and negative headlines. Beyer explores Latin America startups, such as the city of Prospera on Roatan Island in Honduras, which offers low taxes and regulations, liberal zoning laws, private education, medical freedom, and Bitcoin as legal tender.

"Scott Beyer draws upon his extensive Latin American travels to see if there are any lessons that Americans can learn," said Steven Greenhut, director of PRI's Free Cities Center. "He provides insight into how even the poorest residents of some of the world's poorest nations have improved their standing through their own ingenuity while dodging the obstacles their own government put in their way."



PRI'S YOUTUBE CHANNEL IS A MUST WATCH!

Watch webinars, videos, and other original content on PRI's YouTube page, including Free Cities Center video tours and interviews.

Tour Sacramento's New "Safe Stay Communities" to Help the Homeless

Watch as Steven Greenhut of PRI's Free Cities Center tours Sacramento's new "Safe Stay Community," a 100-unit tiny home community that aims to assist homeless people in finding affordable housing. The effort is a public-private partnership between the county and homeless nonprofit City Net.



Reimagining Scalable Solutions to Homelessness

Watch a video tour of Dignity Moves, a San Francisco non-profit that is reimagining scalable solutions to homelessness. Founder and CEO Elizabeth Funk takes PRI's Wayne Winegarden on a tour of its San Francisco facility, then discusses her group's work to address homelessness through interim supportive housing.



Tour a public-private partnership that is transforming Sacramento

Todd Leon, Development Director of the Capital Area Development Authority, takes Steven Greenhut of PRI's Free Cities Center on a tour of Sacramento's R Street Corridor. Learn how a public-private partnership is transforming what was once an industrial hotbed for the railroads into a model mixed-use neighborhood.



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CALIFORNIANS ARE VOTING AGAINST BIG GOVERNMENT, AT LEAST WITH THEIR FEET

By Wayne Winegarden
Excerpt of op-ed originally published in the *Orange County Register*

Between 2020 and 2022, Los Angeles lost nearly 2% of its population. While San Francisco's exodus of 7.5% was even worse, these cities are not alone. People have also been fleeing San Jose, Long Beach and Oakland. It is not just that people are leaving the state; where they are fleeing to is also of note.

Based on IRS data, about one-half of the Californians migrating to other states moved to just five – Texas, Arizona, Nevada, Washington and Florida.

What do these states have in common? Four of these states do not levy an income tax at all. The other, Arizona, levies a 2.5% flat income tax. Compared to our 13.3% top rate, these ex-Californians, who earned nearly 40% more than the average Golden State household, are saving lots of money.

People are clearly leaving California because of bad public policy choices. The state's roads are poorly maintained. The cost of living is unaffordable. The streets are unsafe, the homelessness problem continues to fester, and economic opportunities are becoming scarcer.

These results are consistent with the new Pacific Research Institute Free Cities Index that I authored ranking the 50 largest cities, whether a city promotes pro-growth policies has a huge impact on where people decide to live and where businesses decide to invest.

Los Angeles ranked second-worst on the list for pro-growth cities, while Long Beach ranked fifth-worst in the country. California had three of the worst five cities on the list, with Oakland ranking last. The study groups the 50 largest cities based on the latest population trends. There are 17 cities whose populations have declined by more than 1% between 2020 and 2022 (which we call declining cities), 19 cities whose population change was between a 1% decline and a 1% increase (called stagnant cities) and 14 cities whose population grew by more than 1% (called growth cities).

There are important lessons in these three categories for California policymakers.

First, consistent with California's exodus, declining cities impose high state and local marginal income tax rates (averaging 9%), while growth cities levy a more affordable tax burden (averaging 3%). The tax burden in the stagnant cities averaged 5.5%. Cities and states with



high income tax rates discourage individual entrepreneurs from starting a new small business and they deter larger employers from expanding existing businesses and creating jobs compared to the lower-taxed cities.

Declining cities also overburden average families with a higher combined sales, income and property tax burden. The average burden from these taxes is over 22% higher in the declining cities compared to the growth cities. Not surprisingly, the tax burden in California's cities was among the highest.

Many Californians would be willing to pay a higher tax burden if it meant having a higher quality of life, great schools, and superior public services. But the opposite is true. On a host of issues ranging from affordability to regulations, declining cities have the most anti-growth policy environments while growth cities have policy environments that encourage growth and quality of life.

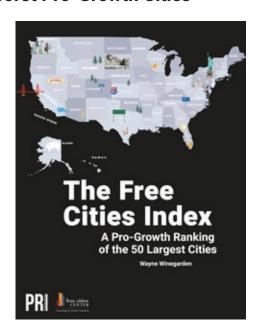
California's elected officials should learn from these troubling trends. If they paid attention, they'd see that high taxes, poor services, and anti-growth policies drive businesses, jobs, and people away. By adopting policies that make cities more affordable and attractive, they will actually encourage businesses to locate there and expand, and create jobs and tax revenue.

Historically, California's cities have been important drivers of nationwide economic prosperity and technological innovation. They have fostered cutting edge scientific breakthroughs and invigorated artistic expression. Without healthy population trends, California's cities will fail in their efforts to serve these vital roles.

Reversing California's troubling outmigration trend requires local policy leaders to establish policy environments that reward entrepreneurship, keep taxes low, make it easy to start or expand a business and create jobs, and provide core public services at efficient costs.

Wayne Winegarden, Ph.D. is a senior fellow in Business and Economics at the Pacific Research Institute.

Read The New 'Free Cities Index' That Ranks America's Best and Worst Pro-Growth Cities



Cities that promote progrowth policies, encourage entrepreneurship, and efficiently provide core public services ranked at the top of a new "Free Cities Index" of the nation's 50 most populous cities released by the Free Cities Center.

The Free Cities Index rankings are predicated on a pro-growth policy criterion, judging the nation's 50 most populous cities based on whether they levy less burdensome taxes on businesses and individuals, impose a less costly regulatory environment, and efficiently provide core public services.

Based on these factors, the following cities ranked as the top five and bottom five pro-growth cities.

Top Growth Cities

Fort Worth, Texas Austin, Texas Colorado Springs, Colorado Raleigh, North Carolina Charlotte, North Carolina

Bottom Growth Cities

Long Beach, California Baltimore, Maryland New York, New York Los Angeles, California Oakland, California

Download a copy of the Free Cities Index at pacificresearch.org/freecities

PRI SCHOLARS TAKE TO THE AIRWAVES

Wayne Winegarden discussed a plan by the Biden administration to seize drug patents to "lower drug prices" on NTD News.





Lance Izumi joins NTD News regarding his book The Homeschool Boom and the steady rise in homeschool students across the nation due to a poor public school system during the pandemic.



Lance Izumi discusses school choice and the education savings account measure being considered in the Texas State Legislature on The Chat on NewsChannel 10 (Amarillo, TX).



C-Span TV broadcast PRI's Webinar with *New York Times* bestselling author Carol Roth on her book *You Will Own Nothing.*



Steve Smith joined Jialu Streeter with the Stanford Institute for Economic and Policy Research to chat about Proposition 47 and the Paradise Lost study.

ON HOMELESSNESS, SACRAMENTO IS "CITY OF PROBLEMS"

By Tim Anaya
Excerpt of blog originally published in
Right by the Bay

You may not realize it, but Sacramento's homeless problem is one of the nation's worst. Homeless grew to about 9,300 in the 2022 Sacramento County point in time homeless count measurement, which was a 67 percent increase over the 2019 figures. Last year, the number of homeless in Sacramento was found to be even higher than San Francisco's count.

Frustrated residents are expecting action and strong leadership from city officials to address the problem, but all there seems to be are press conferences and soundbites.

Though the city has enacted ordinances prohibiting camping on sidewalks, the city isn't really enforcing its own laws. In a recent council vote, Mayor Darrell Steinberg ceded his leadership on homeless to the city manager, empowering his office to enforce the city's anti-homeless ordinances.

Sacramento County District Attorney Thien Ho has had enough of the city's inaction. He sent a letter to Sacramento's city attorney demanding enforcement of the law within 30 days, or else he will take legal action against the city. In the city's response to Ho, the city attorney admitted that the mayor had not directed law enforcement to enforce the anti-camping ordinance.

Ho told the Sacramento Bee that, "these laws were passed for a reason to encourage people to accept services, to get people into certain areas where they're not affecting the public safety of the rest of the community and themselves, and yet the city has done absolutely nothing under this administration."

Ho's comments echo PRI's work on the potential for homeless courts to be an incentive to prod the homeless, using the threat

of jail time as a stick to make life changing decisions about their situation.

Steinberg and city officials would be well served to read PRI's work on homelessness. If they did, they'd learn that state government's current approach to homelessness, just throwing more money at the problem as we're doing with the state's Project Homekey initiative, isn't working. In Los Angeles, government is building so-called affordable housing units for over \$800,000 per unit in one project, yet the number of homeless continues to grow in the state despite this spending.

In their books and studies, PRI's Kerry Jackson and Wayne Winegarden argue that government should be relying on the efforts of private charities to get the homeless the help they need. Programs we've profiled like the Orange County Rescue Mission and Father Joe's Villages in San Diego can do a far better job of addressing the individual needs of the homeless than any government program. They also argue that government should reject the failed Housing First approach that fails to resolve problems like addiction and mental health that cause many to become homeless.

It's clear what little is being done today in Sacramento isn't working. Residents should not expect much improvement unless city officials follow the demands of Ho and actually start enforcing the law.

Tim Anaya is the Pacific Research Institute's vice president of marketing and communications.

The department's headline reads: "2022-23 Statewide Assessment Results and Chronic Absenteeism Rates Show Student Progress."

The reality is that huge proportions of California students fail to perform at grade level in the basic subjects. Yet, the California Department of Education would have the public believe that the scores are something to celebrate.

The department press release states that "promising gains in student mathematics" and "consistent scores" in English language arts "show hopeful signs of continued recovery." The department's spin puts lipstick on a pig.

The proportion of students who met or exceeded grade-level standards on the state math test rose slightly from 33.4% in 2021-22 to 34.6% in 2022-23—a marginal increase.

The real story is that two-thirds of California students taking the test failed to achieve at grade level.

Instead, the Department focused on the tiny 1.2-percent increase in students scoring at grade level, which the press release characterized as "particularly promising."

To see just how misplaced this optimistic emphasis is, consider that at this minute rate of annual increase it would take more than half a century for 100% of California students to achieve at grade level in math.

The results are not much better in reading, and the department's spin is just as bad.

The department claimed that English language arts test scores stayed "consistent" and "did not change significantly." In actuality, the proportion of students achieving at grade level in English language arts fell from 47.1% in 2021-22 to 46.7% in 2022-23.

And again, regardless of the semantics of describing this decrease, the bigger point is that more than half of California students fail to perform at grade level in English.

So what is California doing about this low level of student achievement?

The answer from Sacramento and Washington has been to throw more tax dollars at the problem. Gov. Gavin Newsom has bragged, "we've made record investments in education."

Proposition 98 funding for K-12 education in California shot up from \$79 billion in the pre-pandemic 2019-20 budget to \$108 billion in 2023-24.

In a 2023 report, the state Legislative Analyst's Office pointed out that in order to address "the learning loss and higher costs associated with the COVID-19 pandemic," California schools received \$18 billion in one-time state funding.

In addition, California received \$23 billion in one-time federal funding to address COVID-19 education effects, such as student learning loss.

Yet, as the low levels of student achievement indicate, all this funding has done little to move the learning needle.

Indeed, as the Los Angeles Times notes, "School districts across California have received billions of dollars to address pandemic learning setbacks—with uncertain results."

And when it comes to actual classroom practice, state policymakers have saddled schools with a new woke math curriculum framework, which former U.S. assistant secretary of education Bill Evers says will make "math class more frivolous and less demanding."

In reading, a recent study found that California continues to push failed reading strategies in most of its teacher training programs, causing the state to rank "among the worst in the nation" when it comes to instructing prospective teachers on effective reading methods.

Instead of spending more tax dollars on ineffective programs, California policymakers should focus on school models and learning strategies that work.

For example, a major Harvard study found that charter schools, which often use innovative learning models, significantly improve the achievement of African-American students compared to similar students in regular public schools.

Yet, Newsom has signed legislation that has made it harder to establish charter schools in California.

If California leaders are serious about improving education for all students, they need to stop spinning bad news, acknowledge the current grim reality, and be willing to go beyond the status quo and adopt strategies that work.

Lance Izumi is senior director of the Center for Education at the Pacific Research Institute. He is the author of Choosing Diversity: How Charter Schools Promote Diverse Learning Models and Meet the Diverse Needs of Parents and Children.

IS CALPERS STILL A RESPONSIBLE FIDUCIARY?

By Wayne Winegarden Excerpt of op-ed originally published in *Forbes*

A new CalPERS proposal would "more than double its climate-focused investments to \$100 billion by 2030" and "consider selling stocks in companies with poor plans for the energy transition." The underlying logic for implementing this strategy is, apparently, that the investment giant already knows how to address the complex problem of global climate change and that companies that do not address climate change are going to perform worse financially.

Both assertions are demonstrably false.

Tesla exemplifies the risks and rewards from investing in a "climate aware" company – its primary product is supposed to mitigate greenhouse gas emissions after all. And investors who bought Tesla stock five years ago earned an 852 percent return as of November 3, 2023. However, the same investor could have earned a nearly 1,700 percent return had they sold the stock two years ago.

Since that time, investors in Tesla have lost around 46 percent of their value, compared to a much smaller loss of 7 percent for the S&P 500. Troubling for CalPERS' investment thesis, investing in the oil and gas company ExxonMobil would have earned an investor over 65 percent during this period.

These historical returns demonstrate that there is not a simple relationship between a company's approach to climate-related issues and returns. Undoubtedly, investments in alternative energy companies can experience astronomical returns. But poorly timed investments can also lead to devastating losses. The same is true for traditional energy companies.

Perhaps even more troubling from a climate perspective is the pension fund's hubris. The managers at CalPERS clearly believe that they know what each company's optimal climate plan should

be, which is a narrow one-size-fits-all approach. Such a belief is troubling.

As Ralph Waldo Emerson might say, from a societal perspective, "the more experiments you make the better." A much more effective way to address global climate change is to encourage a diverse array of corporate climate plans that balance the costs and benefits of specific strategies differently. In other words, apply the basic investment concept of "diversifying risks" to the climate change issue.

Take the corporate net-zero standard promoted by Science Based Targets as an example. If all companies adopted this standard, as CalPERS might encourage, then the "overarching priority for companies" would be to halve their emissions by 2030 – in seven short years.

Without considering the feasibility or costs, meeting this goal is undoubtedly good. However, there are serious feasi-



bility concerns let alone the tremendous costs reaching these emission reductions would entail.

As the U.S. Department of Energy has stated, "offshore wind is a critical piece of the equitable transition to net-zero emissions in the United States." Problematically, as noted by BP's renewables boss, "the U.S. offshore wind industry is 'fundamentally broken'," which has caused BP and its partner Equinor to write down \$840 million of the value of its projects off the coast of New York. The offshore wind industry is also plagued with supply shortages and cost overruns that threaten the viability of the energy source.

In other words, a strategy to halve emissions in seven years may make good

corporate talking points but is simply unachievable. Worse, the goal has become a distraction wasting resources and opportunities that could have better served customers.

And the lost opportunities to reduce emissions are real. In fact, emissions have been declining for many years mostly due to the "switch from higher-carbon fossil generation to natural gas generation," according to the EIA. Therefore, to the extent that the goal to halve emissions in seven years discourages continued investment in natural gas, which it has, progress on reducing emissions is hampered.

From an investor perspective, the inability to reach the stated goals creates a potential valuation risk – after all, if a stock

is expected to receive a premium from adopting the widely accepted climate plan of action, it stands to reason that the stock will be punished when those plans fall apart.

These complexities are a clear warning to CalPERS. Addressing global climate change is difficult and costly. Success requires an environment that encourages many ideas and experiments to flourish. Mandates from CalPERS undermines such an environment to the detriment of investors, the economy, and the environment.

Wayne Winegarden, Ph.D. is a Sr. Fellow in Business and Economics and Director of the Center for Medical Economics and Innovation at the Pacific Research Institute.

CAL

MURDERS ARE UP — WE'RE JUST DYING LESS.

By Steve Smith

Excerpt of blog originally published in *Right by the Bay*

Writing for *The Atlantic* recently, Jeff Asher predicted that, "The United States may be experiencing one of the largest annual percent changes in murder ever recorded, according to my preliminary data."

That's a bold statement and will undoubtedly be used to evaluate the effectiveness of criminal justice policies around the country. In some cases, crime statistics will be weaponized for partisan attack.

For example, Los Angeles Times columnist Anita Chabria recently wrote that homicides were highest in what she calls "Trump's California". She contrasts murder rates in Merced, Tulare, and in particular Kern County, which according to her analysis voted 54 percent for Donald Trump and 64 percent for House Speaker Kevin McCarthy – with lower murder rates in Los Angeles and San Francisco, which she labels as "dark blue". Her column leads readers to conclude that progressive policies are far more effective at preventing homicides.

But the devil is in the details.

Asher correctly notes that national crime statistics, as they have been compiled by the FBI, are not accurate. So, he tracked homicide (and other crimes) in select US cities that publish monthly crime statistics. These statistics are ag-

gregated in what he calls his Year To Date Murder Tracker – and the numbers are looking good.

Using his list of 114 US cities, the year to date (YTD) murders are down from 5,987 in 2022 to 5,235 – or a drop of 12.6 percent.

In 2022 in California, homicides dropped 6.6 percent. Yet, at the same time, violent crimes increased 6.2 percent.

Why the disparity?

Crimes that are potentially murderous acts are lumped together in the crime statistics as violent crimes known as "aggravated assaults." They can include assaults with a deadly weapon (ADW), attempted murder, and assaults with great bodily injury (GBI), and include all types of weapons – not just firearms.

All of this exposes a kind of obtuseness in our analysis of homicide and violent crime, and raises questions of both under reporting and under charging criminal acts, all of which put potential victims in greater danger.

Steve Smith is a senior fellow in urban studies at the Pacific Research Institute.



ARE YOU LISTENING TO PRI'S NEXT ROUND PODCAST?

Every week on PRI's "Next Round" podcast, Rowena Itchon and Tim Anaya break down the latest happenings in Washington and Sacramento, and then interview free market thinkers, elected officials, media voices, authors, and others about their work and how market-based reforms can build a stronger California. Here are a few highlights from recent episodes:

The Issues Facing San Francisco and California with Emily Hoeven

Emily Hoeven, opinion columnist at the *San Francisco Chronicle*, joined Next Round to discuss a variety of issues affecting San Francisco and California from homelessness, to housing affordability, to the new leadership in the Assembly and Gov. Newsom's political prospects. Before coming to the *Chronicle*, she wrote *CalMatters*' daily "WhatMatters" newsletter on California politics and policy and makes frequent appearances on TV, radio, podcasts, panels, and helped launch a weekly political segment on ABC 10.

All Things Politics with Melissa Caen

Attorney, political analyst and "Get Out the Bet" podcast co-host Melissa Caen joined Tim and Rowena on this episode of Next Round to explore all things politics. They discuss the latest on Mayor London Breed's re-election chances, Gov. Gavin Newsom's global travels, the California U.S. Senate race and the race for the White House.

America's Foreign Adversaries: What Would John Quincy Adams Do? with Ben Judge

This special episode on Next Round features guest Ben Judge, managing director of Monument Valley, a firm focused on adapting academic research for popular audiences. Ben is also the creator and executive producer of the documentary, "Right Makes Might: The Lincoln-Douglas Debates." Tim and Rowena chat with Ben about his new book *United and Independent: John Quincy Adams and American Foreign Policy*. The father of early American foreign policy, Ben talks about whether there are lessons to be learned from Adams' foreign policy doctrine and if they can be applied to the foreign policy challenges we face today.

Listen to more episodes from our podcast, PRI Next Round, at www.pacificresearch.org/next-round/ or download from your favorite podcast platforms Apple Podcasts, iHeart, Google Podcasts, Spotify, Tuneln and Amazon.



NEWSOM'S QUIXOTIC RENEWABLE ENERGY QUEST

By Kerry Jackson

Excerpt of op-ed originally published in

City Journal

Two years ago, California governor Gavin Newsom announced that the Golden State had joined the Beyond Oil & Gas Alliance, whose aim is to bring "together national and subnational governments committed to advancing a just transition away from oil and gas production." This year, he signed a package of bills that the Los Angeles Times described as a continuation of a "fossil fuel crackdown."

That characterization is apt. Other components of the crackdown include the governor and state attorney general Rob Bonta's lawsuit against oil companies, a call for a windfall-profits tax at a time when profit margins in the energy sector are declining precipitously, ordinances that block the construction of new gas stations, an oil-industry "transparency" bill likely to damage an already-declining business model, and a de facto ban on new oil wells. These actions are inseparable from the state's rush to end industrial and transportation carbon dioxide emissions. But California's leaders don't appear to have a backup plan if things go awry.

What if enough renewable power won't emerge to keep electric vehicles charged? What happens if electric trucks and buses fail to live up to the hype? How can California keep its economy healthy if the transition to renewable energy doesn't go smoothly?

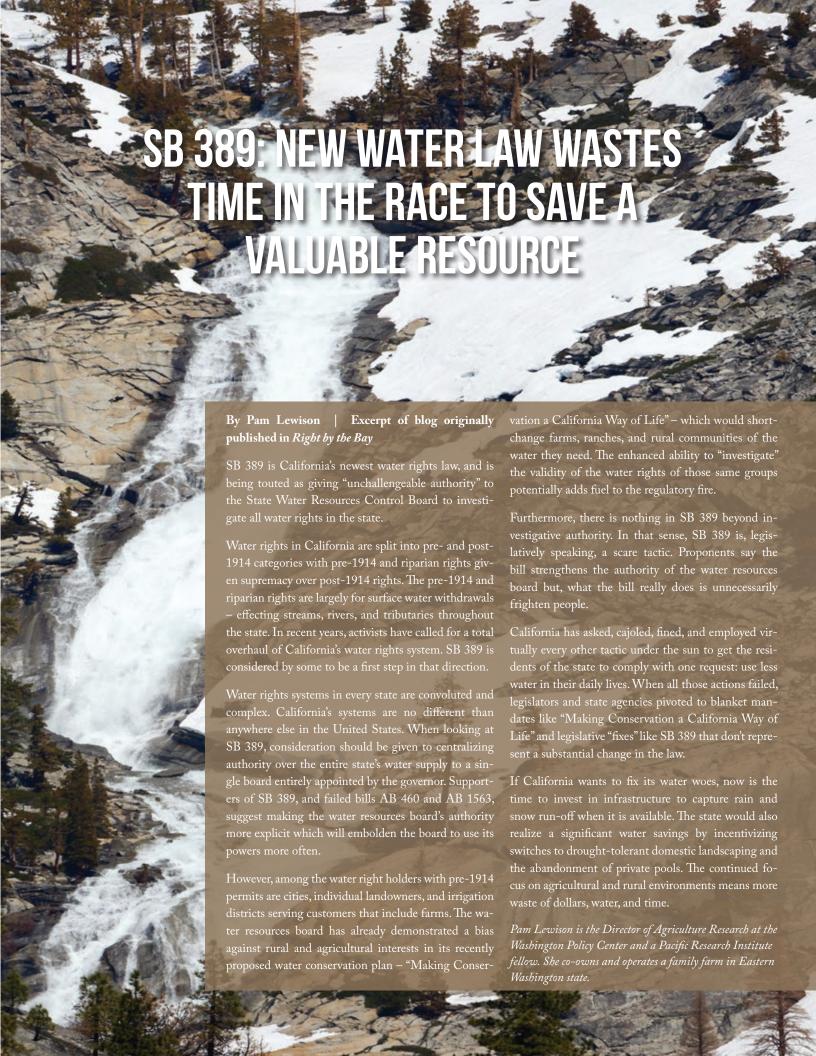
Facts demonstrate the centrality of fossil fuels to the state's economy. Oil production in a state with the sixth-most crude reserves nationally has fallen severely. Consequently, the state has increased its overseas crude-oil imports from 5 percent in 1992 to 59 percent to meet consumption demand. As production falls, imports rise.

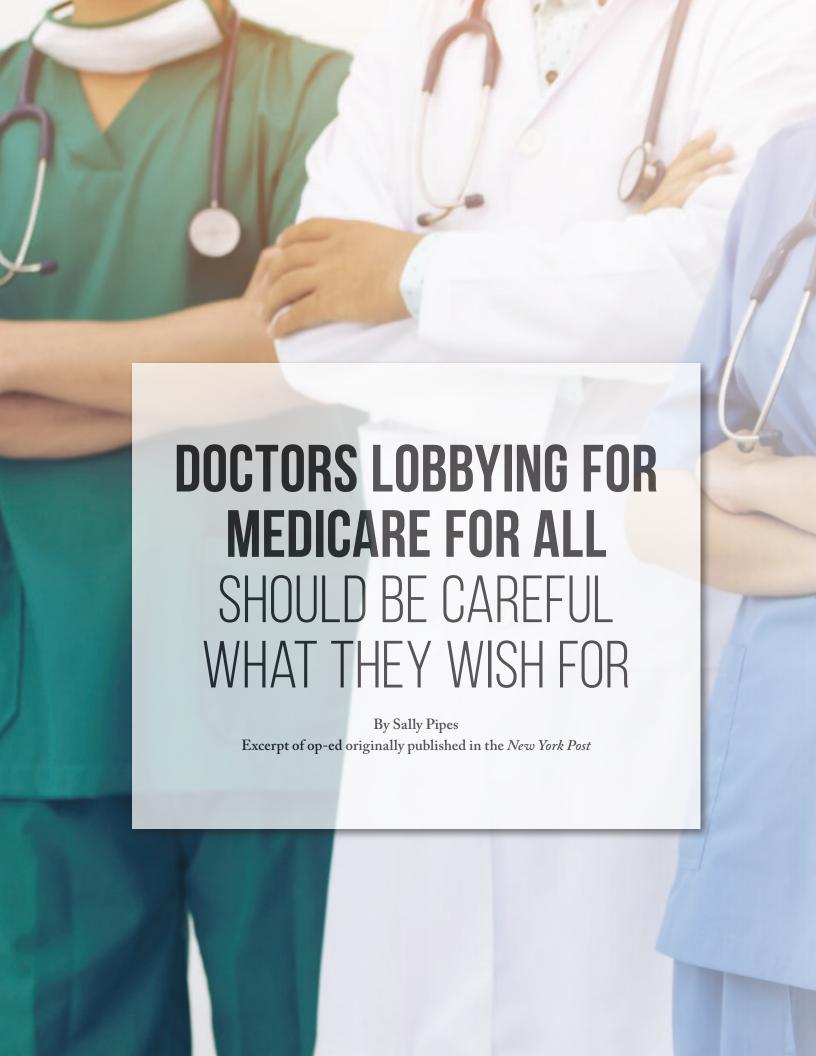
Were California its own country, it would have the world's fourth-largest economy. Both its physical size and financial might have necessitated the proliferation of airports, now numbering more than 140. None is quite as busy as LAX, but in a single year California air traffic burns more than 13 billion gallons of aviation fuel. No other state consumes as much.

California is also a rail center. Along with Chicago, Los Angeles and Long Beach are "by far the top U.S. metropolitan areas for intermodal volume" of shipping containers, according to the Association of American Railroads. But the engines feed on diesel fuel; in California, that means diesel-powered locomotives need to be phased out and replaced by engines with a "zero-emissions configuration."

In short, it takes an enormous measure of crude oil to keep the California economy running—and that's before automobiles enter the picture. The commitment to erase oil and gas from the state's energy portfolio appears to know no bounds. Newsom and other public officials seem unlikely to reverse course or even slow their pace. Proponents call this dedication to the green agenda idealistic, but consigning 39 million people to a future of blackouts seems worthy of a less flattering term.

Kerry Jackson is the William Clement Fellow in California Reform at the Pacific Research Institute.





The self-described "house of medicine" is entertaining support for a government takeover of health insurance for the second time in five years.

A group of New England doctors pressed the American Medical Association's House of Delegates this month to drop the organization's opposition to single-payer health care.

The effort ultimately failed (for now). And good thing. Such a system would be disastrous for physicians—and patients.

Single-payer health care is what it sounds like—an insurance program where the government is the only insurer.

Private insurance would be banned.

And the government would pay healthcare providers whatever it deemed appropriate and affordable.

In countries with government-dominated systems of universal coverage, those public payments are much lower than what American doctors are used to earning.

The average physician in America makes \$316,000 a year, compared with \$183,000 in Germany and \$138,000 in the United Kingdom, according to a 2021 survey.

Even here in the United States, public insurers pay less than private ones. Medicare, the government health plan for seniors, pays doctors roughly 30% less than private insurance.

It cut Medicare reimbursements in 2023—and is set to do so again in 2024.

Medicaid, the public health plan for low-income Americans, pays even lower rates—30% less than Medicare. Seemingly every year, Congress considers slashing Medicare reimbursement rates for doctors.

And seemingly every year, the AMA descends on Capitol Hill to lobby against those cuts, arguing that lower pay will

cause doctors to turn away Medicare patients—and thereby make it harder for patients to access care.

Yet the AMA is flirting with Medicare for All, which would result in bargain-basement government payment rates for every man, woman and child in the United States.

What gives?

American doctors battling private insurers over billing, prior authorizations and paperwork may think that a government-run system will be simpler and easier to deal with.

But government-run systems stretch doctors to their professional breaking point.

A 2023 Commonwealth Fund survey of primary-care providers in 10 high-income countries found that 47% of American doctors were satisfied overall with their practices.

That's a higher level of satisfaction than what primary-care doctors in Britain, Germany, Australia, New Zealand and Canada reported.

Just 7% of British and German doctors were happy with how much time they saw each patient, compared with nearly one-fourth of US primary-care providers.

And German, British and Canadian doctors all reported lower levels of work-life balance satisfaction than American counterparts.

Doctors in England's National Health Service have undertaken a series of shortterm strikes over the past year to protest working conditions and seek better pay and hours.

Low government payment rates in countries with single-payer or government-dominated universal-coverage systems result in chronic shortages of care.

Who wants to work long hours for a

salary that doesn't reflect one's level of productivity?

Patients may have ostensibly "free" care through a government-run health plan. But they must wait for that treatment.

In the United Kingdom, the wait list to receive care from the National Health Service has reached 8 million, in large part because of staff shortages and underfunding.

In Canada, the median wait for treatment from a specialist following referral by a general practitioner was more than 27 weeks last year.

Many Brits are responding to these waits by paying for care privately out of pocket.

Similarly, several Canadian provinces are increasing their reliance on private clinics to help clear backlogs of people waiting for care.

In other words, as progressive Americans make the case for single-payer, foreign countries with such systems are going the other way.

Contrary to popular belief, just one-quarter of practicing physicians in the United States are members of the American Medical Association.

That number may decline further if the organization keeps flirting with a single-payer system, which would prove devastating for physicians and patients alike.

Sally C. Pipes is president, CEO, and the Thomas W. Smith fellow in healthcare policy at the Pacific Research Institute. Her latest book is "False Premise, False Promise: The Disastrous Reality of Medicare for All," (Encounter Books 2020). Follow her on X (Twitter) @sallypipes.

PHOTOS FROM RECENT PRI EVENTS

Sir Antony Fisher Gala

On October 14, the Pacific Research Institute held its 2023 Sir Antony Fisher Gala Dinner at the Four Seasons Silicon Valley with renowned historian and academic Niall Ferguson as last year's keynote speaker. PRI's 2023 Taube Family Freedom Prize was presented to the Honorable Daniel Kolkey, PRI board member and former Associate Justice on the California Court of Appeal, for his tireless work advancing the values of liberty and limited government.



















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An Evening With U.S. Senator John Kennedy (R-LA)

The Pacific Research Institute and PRI board member Paul Tosetti hosted a special dinner with U.S. Senator John Kennedy on September 25th at The California Club in Los Angeles. Over 100 guests attended to hear the conservative champion and taxpayer watchdog.











Fighting for Colorblindness in K-12 and Higher Education

The Pacific Research Institute joined Lance Izumi, Senior Director of PRI's Center for Education, on November 30th in Newport Beach for a luncheon and discussion. Lance spoke on the recent U.S. Supreme Court landmark decision to ban race preferences in higher education admissions and the new ethnic studies graduation requirement in California.







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