



The Ethan Allen Letter

IDEAS FOR VERMONT'S FUTURE

A Monthly Publication of The Ethan Allen Institute

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The Dumbest Bill of the Year

COMMENTARY

May I have the envelope, please? And now – the dumbest bill of the year is ... S.88! Let's give a big hand to its author, Sen. Doug Racine!

What's S.88?

S.88 is Sen. Racine's bill to create a government-run single-payer health care system for Vermont.

But we don't have \$2 billion dollars to make that thing work!

That's true. So Sen. Racine set aside his original bill and produced a new one that directs the Health Care Reform Commission the Democrats created four years ago to do a big new study to develop three different varieties of socialized medicine that next year's legislature can choose from. The Senator asked for \$400,000 to pay for it.

Isn't the State facing a \$154 million budget deficit this coming year, and almost \$700 million more over

the following three years? Hundreds of state positions have gone unfilled. Obamacare will saddle our taxpayers with at least \$6.8 million in new state spending in the next fiscal year.

We don't know how we are going to pay for the state mental hospital. The two state-managed retirement funds have an unfunded liability of \$1,053 million, plus \$879 million more in unfunded post employment benefits. So Sen. Racine wants us to spend \$400,000 to study socialized medicine?

The Senate Appropriations committee, taking note of these financial problems, agreed to spend only \$250,000 on this study. But that's Sen. Racine's plan.

But haven't we studied government run health care plans before?

Of course! In 1992 the legislature, urged on by Sen. Racine, snatched \$900,000 from an insurance reserve fund and gave it to a new Health Care Authority. Its main task was to develop a single-payer plan and something called a regulated multiplayer plan, by the end of 1993.

So what happened?

The Authority produced its two plans. Sen. Racine and his allies denounced the single-payer version as worthless. Gov. Dean denounced the multipayer plan as worthless. A year's worth of study was wasted. A couple of years later the Authority was mercifully abolished.

Has anything been done since then?

In 2006 the Democrats created a Health Care Reform Commission and told it to do much the same thing. It hired Prof. Kenneth Thorpe of Emory University to produce a new plan.

What happened to that one?

Nothing, but Prof. Thorpe got paid for his services.

How much?

\$181,323.22

So why does Sen. Racine want to spend money we don't have to march down this dismal road again?

Sen. Racine wants to win the ardent support of the "health care for

See **Dumbest**, Page 6

The Ethan Allen Letter

The Ethan Allen Institute is an independent, non-profit, nonpartisan public policy research and educational organization, incorporated in 1993 under Vermont law.

The Institute sponsors and conducts research on important public policy questions facing the people of Vermont, and makes its findings and recommendations known through various channels to the general public, the news media, and civic leaders at all levels.

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PRESIDENT'S MESSAGE

Dumber Than Dumb



On page 1 you will read about the bill that I decided was the dumbest bill acted upon by the 2010 legislature. I want you to know that it was not an easy matter to choose a winner. This session has been awash with dumb legislative ideas. (For another example, see page 8.)

The Challenge for Change business was a strong candidate, but it is not without some merit. What's dumb about it is that both the Governor and the legislative leadership seized on this idea as the political fig leaf solution to Vermont's staggering fiscal problems. (For the magnitude of those problems, see the pocket card inserted in this issue.)

Yes, efficiency in government work is a desirable thing. But what the legislature and governor claim to be doing is squeezing \$38 million of inefficiencies out of the budget – all without ending, cutting back, or privatizing any current programs. Couple that with leaving vacant positions unfilled, while continuing to make state government do all the same things that the politicians have promised over the years, and you have Dumber than Dumb.

Since 1995 EAI has been preaching and explaining how to Privatize, Eliminate, Retain and Modify existing state programs to make our state government fall into line with the revenues that Vermonters can afford to pay. Guess what? No one, Democrats or Republicans, wanted to realistically tackle that task. So now we have an unprecedented fiscal crisis. I confess I find this extremely annoying. The people of this state – other than the horde of big government rent-seeking liberals – deserved far better.

I hope everyone interested in the future of Vermont will try to attend Bruce Lisman's talk at the Sheraton Burlington May 13 (see facing page). This is a man with vast experience, superb executive skills, and a strong dedication to his native state. I am surely looking forward to it.

Acting President



SHERATON ECONOMIC SERIES 2010

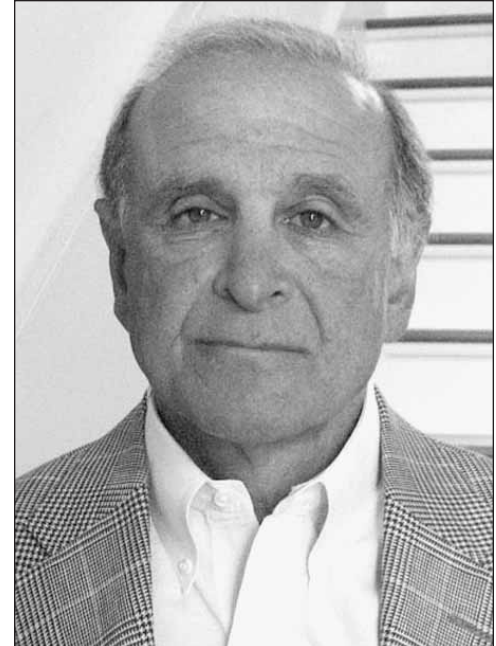
FINDING SKIN:
How Vermont Can Become
Its Own Version
Of An Economic Powerhouse
Without Abandoning
Its Values

BRUCE LISMAN

Thursday, May 13, 2010

Program from 5-6:30 p.m.

**Sheraton Burlington Conference Center
– Diamond Ballroom**



In the world of finance, “having skin in the game” means that a player has put his own assets at risk to make a deal produce a profit. What assets does Vermont bring to the economic table? Bruce Lisman has some powerful ideas to share about how his native state can become an economic powerhouse.

After a long and sparkling career in international finance, native Vermonter Bruce Lisman retired in 2009 as Chairman of the JP Morgan Chase Global Equity Division.

He has served as a Director on the boards of Vermont’s National Life Group, Merchant Bancshares, the Shelburne Museum, American Forests, CVPS, and Pace University. He is a graduate of the University of Vermont and has served as Chair of the University’s Board of Trustees.

“If there's one Vermonter of distinction, ability and vision that Vermonters ought to listen to in these trying economic times, it should be Bruce Lisman,” said EAI VP John McClaughry. “Bruce understands economics and wealth creation. He urgently wants his native state to rise to the top of successful states, and has sound ideas for making that happen.”

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Another Voynich Manuscript?

COMMENTARY

Generations of cryptographers have considered the Voynich Manuscript to be the most mysterious document in world history. The 204-page hand-lettered manuscript appeared in 1666, when the rector of the University of Prague sent it to his mentor, the Jesuit scholar Athanasius Kircher. The document, wrote the rector, had been purchased from an unknown seller by Holy Roman Emperor Rudolf II, who died in 1612. The rector hoped the erudite Kircher could decode it. No one ever had.

Nor did Kircher. He finally gave up trying, and sent the manuscript off to a Jesuit college, from whence it migrated to a Jesuit school in Frascati, Italy. There it reposed until 1912, when American rare book dealer Wilfred Voynich bought it and made sample photostats available to cryptographers.

What was intriguing about the Voynich Manuscript was that it appeared to be written in letters that at first glance looked like the Latin alphabet, but weren't. They were original symbols, set down as a scribe might transcribe an intelligible document.

Over the next 30 years every sort of philologist, paleographer, mathematician, historian, and cryptanalyst took a crack at it, and all came up totally dry. The Voynich text remains unsolved to this day.

What brings this obscure mystery to mind is the progress report received by the legislature on March 30 on the vaunted "Challenge for Change" project that is supposed to reduce the state's \$154 million FY

2011 General Fund shortfall by \$38 million.

Like the Voynich Manuscript, the CfC progress report appears to be written in a recognizable language (English). But after plowing through its 45 pages, a critical reader comes out wondering what problems the reports' authors think need to be solved.

The stated purpose of the "challenges" posed by the authorizing statute (Act 68 of 2010) is to "create better methods for providing government services, while spending less money and still achieving the outcomes specified in this act." There will be no "abandoning clients or slashing services." The idea is to somehow grease all the moving parts so the machine will run faster on less fuel.

The CfC method is to simply declare the amount of savings to be realized from several state agencies (\$38 million), and then assign each participating agency the task of coming up with the proposed savings, choosing performance measures, and identifying statutory changes to remove legal roadblocks.

To pick one example, the Department of Corrections is supposed to find \$10 million in savings, and the Secretary of Administration is authorized to allow the Department to spend \$3 million to identify the \$10 million, for a net budget reduction of \$7 million. Why it will cost \$3 million to save \$10 million is not explained.

Another example: The Agency of Natural Resources proposes to achieve unspecified savings by making permit applicants reimburse the Agency for its participation in regulatory actions before other agencies and courts. ANR also proposes to post more of its voluminous requirements online, as a greater service to the people who will have to spend great sums

to comply with them (or give up). Why not back off of a lot of the requirements?

Another example: the Office of Vermont Health Access wants to establish a Clinical Utilization Review Board to ensure that Medicaid services are "safe and clinically effective." Has OVHA simply handed out money for years without ever inquiring whether the services paid for were safe and effective?

The central problem here is that the legislation mandating this process directs the agencies to supply more grease to the machinery, or find somebody else to pay for the fuel, when the real problem is too much expensive machinery trying to make things we can't afford and can well do without.

After over forty years of a political culture that has increasingly viewed state government as the indispensable benefits bestower, wealth redistributor, tax collector, subsidizer of all things nice, and Nanny State regulator of everyone's lives, it's time to return state government to its essential core functions. Who says so? A four-year budget shortfall of \$848 million says so.

Keeping every piece of state government in place, while greasing the machinery to keep it running, will not get our state out of its fiscal crisis. Maintaining an ambitious regulatory state will not encourage new wealth- and revenue-producing activity.

The governor and legislators have deliberately framed the CfC project so as not to threaten anybody's pet program, or offend any interest group.

Earth to Montpelier: we can't afford all that stuff any more. Overgrown government is destroying our state's solvency and throttling our prospects for economic growth. You have squandered enough time. Now get serious – quickly.

Crunch Time

A Vermont Tiger Symposium

Burlington Hilton Hotel • Tuesday, May 25, 2010 • 8:30 A.M. to 5:30 P.M.

Vermont Tiger's third annual symposium will deal with the very serious and immediate economic challenges facing the state and discuss reforms and routes to prosperity.

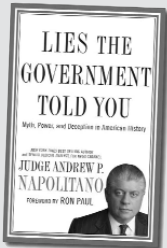


BRIAN DUBIE is serving in his fourth term as Vermont's Lieutenant Governor. He has long been interested in new ideas and innovative policies to promote economic growth in Vermont and was a panelist at last year's "Compete or Retreat" symposium. He will deliver the morning address this year and we are delighted and honored to have him.



JUDGE ANDREW NAPOLITANO joined Fox News Channel in 1998 and currently serves as the senior judicial analyst. At the podium, Judge Napolitano tenaciously defends the natural law freedoms guaranteed by the Constitution. Famous for his candid remarks, signature wit, and personal anecdotes, Judge Napolitano is the American media's most outspoken analyst of the legal system, most fervent critic of government intervention into personal lives and commercial transactions, and most passionate defender of the Constitution.

The Symposium



The symposium will also feature Vermont Tiger regulars including Art Woolf, Hugh Kemper, Emerson Lynn, Tom Evslin, Chris Campion, Jack Harding, and Michael Gardner in panel discussions on education and tax reform, economic growth, and fiscal responsibility. The symposium will last all day and includes lunch and a hosted social hour at the end of the day.

Judge Napolitano will autograph the most recent of his five books, *Lies the Government Told You: Myth, Power, and Deception in American History*. The book, a *New York Times* Best Seller, attacks the culture in government that facilitates lying, and challenges Americans to recognize that culture, confront it, and get rid of it.

Registration for the day-long program, including the luncheon, is \$95. To register online, go to www.vermonttiger.com/crunch_time, and use PayPal. To register by mail, send your name and address along with a check or money order (\$95, payable to "Vermont Tiger") to: **Vermont Tiger, P.O. Box 354, Dorset, VT 05251**.

VERMONT TRANSPARENCY

All of the EAI commentaries on the 2010 fiscal crisis and "Challenge for Change" are now readily available on the vtransparency.org site. Click on the "Current Session" tab and then on the Ethan Allen Institute at the left side.

The section on understanding educational finance will be updated right after the legislature gives up and goes home. We are still working with the state to get the vendor files posted, along with updated employee compensation data.

Has your town or city government posted its warrants or check ledgers on its web site? Please look your town up on the transparency site, and then go to its site to find out. If they haven't, it's time for a call to the town hall. Please let us know if your city or town has posted this important information. We want to highlight it. (Not all towns have web sites.)

What information would you like to be able to access through the site? Please use the suggestion box on the site to forward your recommendations.



Geoff Norman and Art Woolf

“Southern” Jefferson Day Dinner A Big Hit

Alabama native **Geoff Norman**, publisher of *Vermont Tiger*, was a big hit at the Institute’s 16th annual Jefferson Day dinner at the Windjammer in South Burlington.

Norman capsulized Mr. Jefferson’s character and career as a son of the Old South, and earned a round of laughter and applause

for observing that “Thomas Jefferson was a complete man. He was not a member of that dreary species that makes life so dull and oppressive these days – the total political animal. One would never have been tempted to say to Thomas Jefferson – as one would, for instance, to Bernard Sanders – ‘Hey man, why don’t you get a life?’”

The annual dinner, introduced by EAI Chair **Jim Gatti**, drew well over the expected 50 diners. **Chip Stokes**, President of the Jefferson Legacy Foundation that co-sponsored the dinner, also gave introductory remarks. EAI Director **Art Woolf**, Geoff’s partner with *Vermont Tiger*, introduced the speaker. A good time was had by all!

Dumbest Bill of the Year

Continued from Page 1

all” single-payer activists, so he can win the Democratic primary for Governor next August.

Suppose the legislature bought into this, and the new study produced yet another socialized medicine scheme. When could that go into effect?

2017.

Why 2017, seven years out?

Because Obamacare says a state can’t adopt any health care plan not approved by the federal government until 2017.

If this scheme is as stupid as it sounds, won’t Gov. Douglas veto it?

When the Democrats tried to do this in 2005, he vetoed it, because he could find no justification for spending tax dollars on a study to justify “the millions of dollars in decisions the Legislature has already made, actions it has already taken, and decisions it appears destined to make.” The Democrats didn’t even try to override that veto. This time he says the legislature can charge the cost of the study to its

own account, even though nothing will come of it and it’s a waste of money.

Won’t taxpayers and voters have a fit about Sen. Racine’s gambit to win primary votes by wasting another quarter million bucks to concoct another nutty socialized medicine scheme that couldn’t be done until 2017 in any case?

Yes, and that’s a major reason why Sen. Racine’s bill won this award.

Coming Event: EAI Sheraton Economic series talk featuring Bruce Lisman, May 13 (see page 3).

NEWS & VIEWS

Coming Event: The Fourth International Conference on Climate Change will be held on May 16-18 at the Chicago Marriott Magnificent Mile Hotel. It will call attention to new scientific research on the causes and consequences of climate change, and to economic analysis of the cost and effectiveness of proposals to reduce greenhouse gas emissions. For more info: www.heartland.org/events/-2010Chicago.

Coming Event: “Crunch Time” – Vermont Tiger symposium, May 25 (see page 5).

Coming Event: EAI Sheraton Series talk by David Hale, Wednesday June 12 (details in next months *Letter*).

Coming Event: EAI annual Friedman Day event, Friday, July 30, Sheraton Burlington. (Details in next issue.)

Why We Have a Problem: Rep. Mark Larson (D-Burlington), vice-chair of the House Committee on Appropriations, summarized the bill as “promising our constituents more despite having fewer re-

sources.” He emphasized the initiative was not about cutting services and budgets, but smart spending. “Vermonters expect us to find ways to continue to conduct government within the resources we have.” (4/15/10.)

How about conducting less government, and reducing budgets to the level that our resources can actually pay for? Sorry, not on the legislature’s agenda.

Effects of ObamaCare: “In order to game the Congressional Budget Office score for the 10-year cost estimate for Obamacare, Democrats postponed the goodies until 2014 or later. All Americans will have experienced before they vote in 2010 and 2012 are tax increases, Medicare cuts, and the consequences of having many physicians stop seeing Medicare and Medicaid patients, or quitting their practices altogether.” – Jack Kelly (PPG 03/22/10).

Vermont’s Medicaid Leadership: As of 2006, 26 percent of all Vermonters were enrolled in Medicaid (159,700). This is 5th highest

among the states. (New Hampshire was tied for 49th, with 11 percent enrollment). Vermont has the fourth most liberal eligibility level: \$35,000 for a single parent with two children. (VEN 4/10.)

Sen. Brock on Health Care Study: “This bill [S.88] creates three different health care system designs. But each design contains mandated elements eerily reminiscent of the 1930s central planning. The design specifications suggest unprecedented interference with personal choice and provider freedom.” (Senate Journal, 4/7/10.)

Franklin Roosevelt on Property: “The function of government must be to favor no small group at the expense of its duty to protect the rights of personal freedom and private property of all its citizens.” (Commonwealth address, 9/23/32.)

Reagan on America: “America isn’t great because of what government did for the people. America is great because free people have had the chance and the incentive and the opportunity to dream, strive and work toward their goals.” – Ronald Reagan.

Who’s The Tea Party?

The current rage in the mainstream media is to denounce the Tea Party movement as a bunch of racists, homophobes, and nut cases. A new national poll sheds some light on this contention.

The Winston Group found in three national surveys that the Tea Party movement is composed of a broad cross-section of the American people – 40 to 50 percent of its supporters are non-Republicans. One-third of self-identified Democrats say they support the Tea Party movement.

The most recent Gallup poll shows that the Tea

Party movement is at least as popular as the Democratic Party.

The movement stands for fiscal discipline, limited government and balancing the budget. That agenda has broad public support extending well beyond the movement. One recent poll found that 55 percent of respondents endorse that agenda.

Tea Party people are not zany right wing fruitcakes. It’s the liberals in Congress and their mainstream media allies who want you to believe that, because they’re desperate. – JMc



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May 2010

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WDEV Radio Commentary

April 20, 2010

Building Bright Futures

MEDIA

The House has just passed a Senate bill setting up the Building Bright Futures Council. Its goal is to establish a super government integrating, coordinating, governing, expanding and financing every imaginable program and service for small children.

There will be a board, loaded with legislators and concerned citizens, and it will create regional councils all over the state. What this is, is y a giant taxpayer funded political action machine, to pressure the legislature to appropriate more millions for more services. That's why I called it the Godzilla of child care in an EAI commentary six years ago.

Now I'm not opposed to stuff that's nice. But it's not so nice to send the bill to taxpayers and small busi-

nesses that are struggling with a recession in the eighth most heavily taxed state in the country, and whose general fund faces deficits of \$848 million over the next four years, and whose retirement funds are out of whack by over a billion dollars.

Vermonters simply cannot generate the taxes required to do everything for everybody. I don't care how nice it is. We don't have the resources to fund ever expanding government. We already have far more government than we can pay for.

The legislators who are voting for the Building Bright Futures bill just don't get it. The voters need to dump them out of office, Democrats, Republicans, Progs, whatever. Or we're cooked.

– John McClaughry

The Ethan Allen Institute