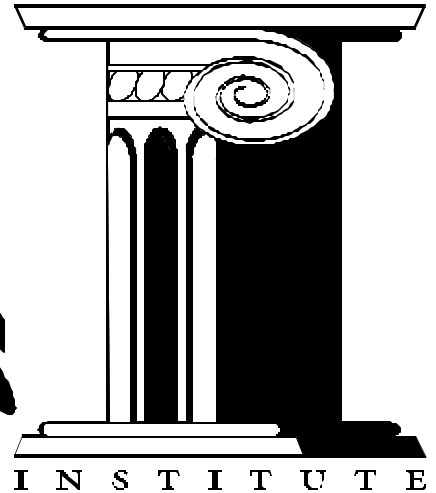


LIMITS



On Power and the Use of Power

Proposal 1: Gone But Not Forgotten Voucher "threat" encourages district-wide changes

from the Michigan Education Report

The overwhelming defeat of Proposal 1, the November 2000 school voucher initiative, does not necessarily mean the measure had no effect on Michigan's public education system.

The initiative, rejected by a 31 to 69 percent margin, nevertheless could have a lasting impact, if the reform plans of some of the state's poorest-performing school districts are any indication.

Proposal 1 would have offered vouchers to students in "failing" school districts — those districts graduating less than two-thirds of their students. When the voucher campaign was launched in early 1999, 38 Michigan districts had graduation rates within the failing range. By Election Day, the number of failing districts had dwindled to only seven.

Few, if any, school reform initiatives — even those that

have been enacted — could claim such astonishing impact. And Proposal 1's influence is being felt in other ways.

The seven districts that posted graduation rates below two-thirds endured a rash of negative press in the months leading up to Election Day. Many of these districts have taken the criticism seriously and are enacting reforms to improve their schools and increase graduation rates in years to come.

"You can't give all the credit for reform to Proposal 1, but it certainly put public schools on notice that many parents are dissatisfied and expect districts to do better," says Matthew Brouillette, Director of Education Policy at Mackinac Center for Public Policy.

Some school officials contacted by *Michigan Education Report* disputed the accu-

racy of the graduation rates attributed to their districts. And total credit for the following reforms cannot unequivocally be claimed for the influence of Proposal 1. However, many officials said that the possibility of competition from a full-fledged, statewide school choice program gave them a time-sensitive incentive that would not have been present without Proposal 1.

One school district on the failing list was Inkster, in suburban Detroit. By the end of 1999, Inkster was under tremendous pressure. First, it was under threat of a state takeover, because of dismal performance and a \$1.9 million budget deficit. But Proposal 1's popularity in opinion polls at the time made it seem as if a statewide school choice plan could well be enacted by the end of the following year,

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The Right Case for Tax Cuts: A Minor Detail with Major Ramifications

by Eric V. Schlecht

Many in Washington say we should pass a tax cut because there are vast sums of surpluses accumulating in Washington. They're right. Surpluses represent tax overcharges that should automatically be returned to their rightful owners.

Unfortunately, some of these same people are implying that the surpluses are the primary – or sole – justification for cutting taxes. In this regard they can not be more mistaken. Using the surpluses as the principal, or exclusive, incentive to cut taxes would represent yet another strategic blunder committed by conservatives.

For more than 30 years conservatives argued that the federal government should reduce spending so that the United States would have a balanced budget. At the time it seemed like a reasonable argument. America had been deficit spending continually for years. People could relate to a balanced budget because they themselves were forced to balance their checkbook every month (although this argument clearly ignores the actual "deficit spending" every family partakes in: a home mortgage, a car payment, credit card debt, etc...) and almost no one believed the government would

reduce spending enough to reach a balanced budget anytime soon.

These are all reasonable assertions, but just because an argument is convenient and useful at a given moment doesn't necessarily mean it is the best argument or a politically savvy one in the long run. For that matter, arguing for a balanced budget isn't necessarily a conservative argument. The Soviet Union had "balanced budgets" for years. They achieved this by confiscating and spending nearly every ruble earned. I doubt many conservatives would find that acceptable.

Believing that the government is too big and takes too much of our hard-earned money is a conservative philosophy, however. This is the argument conservatives should have been making for the past 30 years.

But conservatives didn't do that. Instead they took the easier road and argued for balanced budgets. As the saying goes: be careful what you wish for. As we all know now, this came back to haunt conservatives when a strong economy eliminated budget deficits in 1998. Suddenly the conservatives' main argument for less spending had disappeared. Increase spending?

Sure! As long as record revenues keep rolling in we can continue to increase spending without worrying about deficits! The result has been a 16% increase in total discretionary spending, and a 20% increase in non-defense discretionary spending since the budget went into "balance."

By arguing that surpluses are the primary rationalization for tax cuts, conservatives are setting themselves up for the same fate. Already liberals are using the argument that the surpluses may not materialize to oppose tax relief.

Conservatives should argue for tax cuts on the fundamental principles of their own philosophy: government is too big and takes too much of our hard-earned money. The only way to rectify that situation is to reduce taxes and rein in federal spending. The surpluses are gravy. Sure, we'll send those back to you, but surpluses are just another example of how the government has grown far too big and greedy. The surpluses are a symptom, the size of government is the disease, and we must treat the disease.

Should conservatives begin to focus on the central principles of lower spending and taxation, they would not be reliant upon surpluses for an excuse to reduce Americans' record-high tax burden.

Finally, there is a simple rationale behind tax cuts. The less money the government takes, the more there is available for American families.

This will obviously benefit families, but it will also benefit the economy.

Almost no one continues to maintain that the government is more efficient or rational than the private sector when it comes to spending money. The less money government gobbles up, the more for hard-working entrepreneurs to invest and build the successful businesses that employ more Americans. As liberal icon John Kennedy said nearly 40 years ago, "A rising tide lifts all boats."

President Bush and supporters of tax cuts in the Congress are correct. The surpluses are overcharges that should be returned to the taxpayers. But they shouldn't let this convenient fact distract them from the fundamental truth that taxes should be lowered because government is too big and takes too much of our hard-earned money. The American people know this in their heart, they just need a reminder now and

then. If conservatives argue for tax cuts on this basic tenet, they will garner the support of a vast majority of Americans, and they won't lose their rationale for tax cuts if the surpluses don't materialize as planned.

Eric V. Schlecht is Director of Congressional Relations for the National Taxpayers Union, a non-profit, grassroots organization with over 300,000 members working for lower taxes, less wasteful spending, and accountable government at all levels.

This article and other publications from National Taxpayers Union are available at www.ntu.org.

For more information about National Taxpayers Union, visit its web site or contact NTU at 108 N. Alfred Street, Alexandria, VA, 22314, 703-683-5700.

The Myths of Environmental Education

A new POLICY STUDY from the staff of Public Interest Institute.

"Are the textbooks being used by K-12 students perpetuating myths and unproven opinions about the environment? In many cases, the answer is yes."

*To read **The Myths of Environmental Education**, visit **Public Interest Institute's web site at www.limitedgovernment.org** or contact the Institute to request a copy.*

Initiative 695 One Year Later: The Sky Didn't Fall

by Paul Guppy and Brett Wilson

A little more than one year ago, the people of Washington overwhelmingly approved Tim Eyman's Initiative 695, the "\$30 License Tab Initiative." At a stroke the voters repealed the Motor Vehicle Excise Tax (MVET) and replaced it with a flat \$30 annual fee on private cars and trucks.

Shortly after passage, the measure came under court challenge. In order to insure that \$30 license tabs went into effect as the voters wished, the Legislature passed, and the Governor signed, a bill to enact Initiative 695's main tax-cutting provision. Other provisions, such as the requirement that future fee and tax increases must be voter-approved, were later struck down in court.

During the political campaign against Initiative 695, opponents made a number of specific predictions, all of them dire, of what would befall the state if the measure became law. Taken together these claims appeared so overblown that they amounted to a concerted effort to frighten people into voting against Initiative 695. Once their attempt had failed, opponents may be forgiven for hoping that their gloom-and-doom forecasts would be quickly forgotten.

A year later, however, we are in a position to coolly assess the actual outcome of

Initiative 695. We see that the sky did not fall. The state and local governments have adjusted well to the revenue reduction and vital public services have not been disrupted. On the whole these programs have continued as before, and in many cases have been improved and expanded, since I-695 passed. Nor has the measure seriously crimped public revenues, since overall spending by the state, counties, and cities continues to rise.

The Washington Institute Policy Brief, "**Initiative 695 One Year Later: The Sky Didn't Fall**," examines opponents' claims in detail and presents the actual outcome for each. We cannot list all our findings here, but the full *Policy Brief* can be found on our web site at www.wips.org. All predictions in the study are direct quotes taken from "No on I-695" publications; they are paraphrased here.

Prediction: Funding would be lost for up to 1,000 police officers.

Outcome: Most police departments have as many or more officers than a year ago. Also, the crime rate has dropped since Initiative 695 passed.

Prediction: The state Crime Lab would lose \$2 million.

Outcome: Funding for the

Crime Lab has increased from \$7.9 million to \$8.4 million.

Prediction: More than 70,000 transportation jobs would be lost.

Outcome: The state has added 100 full-time transportation positions, while private sector transportation employment has increased by 3,000 jobs.

Prediction: Funding for traffic congestion and highway safety would be eliminated.

Outcome: In 2000 the state spent \$139 million for highway safety and \$349 million for traffic congestion relief. Also, traffic fatalities have dropped 8% since I-695 passed.

Prediction: Funding for basic county health services would end on January 1, 2000.

Outcome: County health services received an additional \$11 million in 2000 and \$22.1 million in 2001, to restore at least 90% of public health funds that previously came from MVET.

Prediction: Child immunization and flu shots will be cut.

Outcome: Nearly 2 million child immunizations were distributed in 2000, a rate consistent with previous years. Flu shots for the elderly are still widely available through public and private medical outlets.

Initiative and Referendum in the States

by Amy K. Frantz

Prediction: Restaurant and day care inspections will be cut.

Outcome: State day care inspections increased from 341 to 375. The Washington Association of County Health Services reports that standards for restaurant inspections have been fully and consistently maintained.

Prediction: I-695 would jeopardize safety in Washington schools.

Outcome: School safety has improved dramatically over the last ten years, especially in weapons brought to school and in gang-related incidents. School officials report the improving trend has not been disrupted by I-695.

Prediction: Spending on clean air programs would be cut by \$17 million.

Outcome: By shifting budget priorities the Legislature added \$9.8 million to the air quality program to restore 90% of its previous funding. It was not cut by \$17 million.

Prediction: I-695 would allow cars to be taxed as property.

Outcome: Passage of Initiative 695 has not led to a property tax on cars.

Prediction: I-695 is a backdoor attack on the I-601 spending limits.

Outcome: The spending limits remain in place, and have not been affected by passage of I-695.

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CALIFORNIA

The Howard Jarvis Taxpayers Association (HJTA) will be working to place a Constitutional Initiative on the ballot next year to repeal part of Proposition 39. The HJTA proposal, the "Homeowner's Protection Act of 2002," restores the vote requirement for passage of local school bonds to two-thirds. Proposition 39, approved by voters last November, lowered the vote requirement to 55 percent. The Homeowner's Protection Act leaves in place the accountability and taxpayer protection provisions of Proposition 39.

WASHINGTON

Local activist Tim Eyman is working to place another taxpayer-protection Initiative on the ballots of Washington state. I-747 limits property tax increases to one percent. A higher increase in property tax must be approved by the voters.

I-722, sponsored by Eyman and approved by the voters last year, was struck down by the courts as violating the state's single-subject rule for initiatives. I-722 limited property tax growth and ordered certain tax and fee refunds.

Amy K. Frantz is a Research Analyst with Public Interest Institute.

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Proposal 1...

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expanding competition that was already luring students from the district.

Consequently, the school board became willing, for the first time, to consider a new approach to its problems: contracting the daily operation of Inkster schools to Edison Schools Inc., in the hope that Edison could turn things around. Edison is the nation's largest for-profit manager of schools and school districts. It currently manages over 113 schools nationwide, including 20 in Michigan.

The Inkster school board voted to contract with Edison in February 2000. By September, Edison had everything in place to mark the beginning of its first year of managing an entire school district. Inkster Superintendent Terry Ann Boguth is optimistic that this unprecedented reform effort will produce positive results.

Her faith is not unfounded. When news of the Edison deal spread, Inkster's enrollment increased for the first time in 10 years. Edison is instituting assessment tests to gauge student performance and is busy determining which subject areas need the most work. The district now requires parents, students, and teachers to agree to quarterly "learning contracts." The contracts define each person's responsibilities in the educational process and allow students to have person-

alized education plans that focus on individual areas of greatest need. The learning contracts will work in conjunction with narrative report cards, allowing teachers to provide ongoing input on a student's progress rather than just a letter grade.

The district also plans to provide students in third grade and above with a home computer, to allow access to homework on the Internet, and to encourage parents to maintain constant contact with teachers via e-mail. Changes also are being made in Inkster's curriculum. Officials plan to focus on improving reading skills and incorporating foreign languages into elementary education. More extracurricular activities are being offered to high school students. Laptop computers and professional development programs are being provided for teachers.

Meanwhile, new Holton Public Schools Superintendent Mike Estes disputes whether his district, located in Muskegon County, actually failed to graduate two-thirds of its students, as certified by the state government in 1999. Still, he admits the district has a problem with dropouts. It has formed a task force of community members, business leaders, and parents to offer solutions.

"Nothing is accomplished if it's only done with administrators. We must meet with teachers and the community," Estes says.

The Holton district plans to create a new alternative educa-

tion program that will cater to students who are not being served by traditional teaching methods. Estes also suggests that the district's curriculum could use some revision. But he is confident his district is headed in the right direction. "I wish those who were so quick to criticize us were just as quick to work with us," he told *Michigan Education Report*.

Buena Vista Schools in Saginaw County is another district that has undergone much upheaval in the last year. With a new interim superintendent and a vocal community, the district is working hard to respond to community concerns over the district's performance. The district reported a graduation rate of only 51.7 percent in the 1998-1999 school year. Although Londia Langston, Associate Superintendent, does not have an explanation for the low graduation rates, she does say that the district is making a concerted effort to reform.

Some of the district's reforms include after-school and Saturday programs for struggling students, "school improvement teams" in each school building, analysis of Michigan Educational Assessment Program (MEAP) test scores to determine areas of greatest need for improvement, and, perhaps the most notable reform, surveying parents for improvement suggestions. Also, like Inkster, the district is attempting to increase retention rates in high school by instituting more extracurricular activities.

Ellen Bonter, Superintendent of Vanderbilt Area Schools in Otsego County, says her district is working to find out where its dropouts have gone and why they left. In small districts — Vanderbilt has 310 students with roughly 30 high school graduates per year — not many students need fail to graduate to register a huge drop. In Vanderbilt's case, the graduation rate dropped suddenly from 100 percent in 1997-98 to 61 percent in 1998-99. Although Vanderbilt does not have an alternative education program for at-risk students, the district is looking at ways to discourage students from dropping out.

"We don't have the resources for alternative education programs, but we're working with other districts to provide alternative options, and we're also establishing dual enrollment options to encourage kids to remain in school," Bonter explains. Dual enrollment would allow students to concurrently take college course offerings while still in high school.

The district also hopes to provide college course options to its students via online university classes and a local university center. In addition, Vanderbilt's school improvement team is looking at ways to improve curriculum, increase MEAP scores, and expand course offerings within the district.

Bonter considers Vanderbilt's "active technology initiative" to be one of the

district's most ambitious plans. The district plans to provide all students in grade six and above with laptops and access to the Internet from home. Like Inkster, Vanderbilt hopes to connect parents and students to the school via computers and the Internet. Bonter hopes this initiative will also help Vanderbilt reach out to home schoolers who may have left the district's schools.

Detroit also is making changes. In the last two years, 18,000 students have left the state's largest school district to attend private, charter, or public institutions in the suburbs. New Detroit public schools CEO Kenneth Burnley is instituting a long list of reforms to improve education in the district.

Shortly after assuming the CEO post in July of this year, Burnley hired 24 "directors of accountability for student achievement" to mentor and supervise the district's principals. Since that time, the district has begun "district assessment tests," to help teachers gauge student progress throughout the year. These tests have been deemed "mini-MEAPs" by Burnley, due to their similarity to the statewide achievement test. Eventually, Detroit's mini-MEAPs will be given to students in all grades, several times a year.

Burnley plans to institute preschool and full-day kindergarten in schools across the district, renovate dilapidated buildings and classrooms, provide Internet access in every classroom, and increase paren-

tal involvement. He hopes to increase funding for the district by creating a development team to raise money from corporate and private donors. He also has overseen numerous privatization efforts, which are expected to save the district millions of dollars in coming years. The district is even considering hiring Edison to run 40 or more of its worst-performing schools.

"It's hard to argue that charter schools and other forms of choice have not had a positive impact on public schools," says Brouillette. "To the extent Proposal 1's promise to expand choice helped more schools improve, that's a good thing."

This article appeared in the Winter 2001 issue of Michigan Education Report, a news and analysis quarterly published by Mackinac Center for Public Policy, a non-profit, nonpartisan, research and educational institute devoted to analyzing Michigan public policy issues.

This and other articles can be found on the Michigan Education Report web site at www.EducationReport.org. For more information on the Michigan Education Report or Mackinac Center for Public Policy visit Mackinac Center's web site at www.mackinac.org, or contact them at 140 West Main Street, P.O. Box 568, Midland, MI 48640, 517-631-0900.

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Initiative 695...
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Prediction: I-695 will lead to a state income tax.

Outcome: The state does not have a state income tax, and the Governor and the Legislature show no signs of passing one.

Prediction: I-695 will harm the economy.

Outcome: Washington's economy is still strong. Unemployment is steady at 4.7%, well below what economists once considered "full employment." Inflation is about 2%.

Initiative 695 has been a successful tax-cutting policy.

In the first year the measure has enabled Washington citizens to keep over \$750 million of their own money, thus helping them to build better lives for themselves and their families. It has also contributed to the overall economic well-being of the state by partially easing Washington's high tax burden and allowing more money to remain in the private sector to foster savings, investment, and job growth.

Policymakers and the public can learn important lessons from our experience with Initiative 695. The measure's success indicates that by setting clear budget priorities, state and local leaders can respond effectively to the people's strong desire to ease the growth

of the tax burden while maintaining essential government services.

Paul Guppy is Vice President for Research and Brett Wilson is an Intern at Washington Institute Foundation, a free-market, state-based think tank in Seattle, Washington, that publishes studies, sponsors events and conferences, and educates citizens on public policy issues facing Washington state.

For more information on Washington Institute Foundation visit its web site at www.wips.org, or contact the Foundation at 4025 Delridge Way, S.W., Suite 210, Seattle, WA 98116, 206-937-9691.