

YANKEE INGENUITY

Fall 2005



Welcome to the Inaugural Edition of *Yankee Ingenuity*

Some of you are receiving our first issue because you are members of the Yankee Institute; others run important policy organizations, hold political office in Connecticut, or have been recommended to us as concerned citizens interested in cost-efficient and effective government.

What we all have in common is a growing sense that Connecticut citizens are both over-taxed and underserved by all levels of government.

Today, Connecticut has the highest per capita debt of any state in the union, and our residents bear the highest combined local, state, and federal tax burden in America.

Does this mean our residents enjoy exceptional government benefits and services? Hardly. Our largest cities are notorious for their third-world public school systems, young adults flee the state for lack of jobs, and seniors desperately seek ways to avoid Connecticut's confiscatory estate taxes.

Some have sadly concluded that the political culture in Connecticut is too dysfunctional to be remedied. But history shows that the rise of such pessimism is often a critical

turning point, marking the time when responsible citizens take the initiative for change.

It is no coincidence that the number of taxpayers' groups in Connecticut has doubled in the last few years from 25 to 50. Two years ago Yankee Board member George Schiele (profiled in this issue) wrote an expose of Connecticut state finance for *Investor's Business Daily* that has inspired many to echo his call for reform.

Which is where the Yankee Institute comes in.

Over the last two decades free market thinkers have developed some excellent ideas for making government leaner and effective: school choice, the privatization of social services, and tax-deductible savings accounts for health care, to name just a few. As the nearby article on our work with the Milbank Foundation shows, we can bring these ideas to you and other taxpayers in many useful and creative ways.

We also have the expertise to give you the kind of information that big-spending politicians and their allies cannot ignore. For example, D. Dowd Muska our Philip

Gressel Fellow for Tax and Budget Policy, is completing a study that compares public and private employee compensation in Connecticut for comparable work. It will disarm even the state's most liberal editorial writers.



Far from being apathetic to our state's plight, we know that you and a growing numbers of your neighbors are eager to restore Connecticut to its proper role as a model of good government and opportunity. With your support, we can continue to create winning ideas for better government and lower taxes in Connecticut.

Groundbreaking Analysis of Public-Sector Employment Coming Soon



D. Dowd Muska
Philip Gressel Fellow

A forthcoming paper by the Yankee Institute's Philip Gressel Center for Tax and Budget Policy will examine the difference between public-and private sector employment in the Nutmeg State.

"The Two Connecticut," by research fellow D. Dowd Muska, will document the substantial ways that pay, benefits, and working conditions for Connecticut's state/local employees differ from their counterparts in the private-sector. The purpose of this groundbreaking study is to spark a statewide debate over the appropriate number and compensation of government employees in Connecticut.

With powerful unions and an overwhelming number of die-hard supporters in the legislature, the Nutmeg State's heavily unionized government workers seldom face much scrutiny. But the Yankee Institute, never afraid to challenge powerful special interests who benefit from your tax dollars, isn't afraid to challenge the status quo.

With over half of town budgets and a third of the state's budget devoted to employee-related costs, "The Two Connecticut" is sure to generate plenty of buzz - look for it this fall!

Sharing Tax-Reform Ideas

The Yankee Institute and Associated Builders and Contractors (ABC), co-sponsor monthly meetings of moderate-to-conservative organizations in Connecticut.

In 2004, Mod-Con was founded by Lewis M. Andrews, Executive Director of the Yankee Institute and Lelah M. Campo, President of ABC. Mod-Con was formed as a by-product from a concept called “The Wednesday Group” started by Grover Norquist, president of Americans for Tax Reform (ATR). These meetings provide conservatives with a venue to share ideas and network with like-minded individuals.

Dr. Edward Volpintesta, a family physician from Bethel, Connecticut and Fairfield County Medical Association’s Representative was invited to the September meeting to share his views on how Connecticut doctors and patients are negatively affected from the rising costs of malpractice insurance. Dr. Volpintesta said, “Improving medical liability is the number one issue facing our healthcare system in this country. It’s a system fed by perverse financial incentives including high jury payouts, frivolous lawsuits and questionable objectivity of well-paid so-called experts. We need to eliminate financial incentives and keep greed to a minimum and the ‘Offer of Settlement in Connecticut’ just continues to promote monetary insatiability.”

Located in Rocky Hill, Connecticut, ABC generously provides a venue and refreshments for Mod-Con’s monthly meetings.



Dr. Edward Volpintesta, Family Physician and Fairfield County Medical Association Representative and Dr. Lewis M. Andrews, Executive Director, Yankee Institute for Public Policy.

This summer the Institute launched Connecticut *FreedomWire*, a new feature of our website, www.yankeeinstitute.org, that links visitors to up-to-date research, statistics, articles, announcements, and other items of interest.

Connecticut *FreedomWire*, edited by the Institute’s D. Dowd Muska, is designed to provide powerful resources to fans of freedom -- and foes of Big Government -- in the Nutmeg State.

So far, Connecticut *FreedomWire* links have included articles on the state’s property-tax revolt, petroleum-tax hikes, school-construction cost overruns, and questionable behavior by “public servants.” In addition, links to op/eds by Yankee staff and videos of Yankee events have enabled visitors to keep up to date on the Institute’s efforts to bring the free-market message to the Nutmeg State.

We’re waiting for your input! Contact Connecticut *FreedomWire* at freedomwire@yankeeinstitute.org.

Connecticut
FreedomWire



Entrepreneur's Experience Pays Dividends at Yankee



Yankee Executive Board
Member George W. Schiele

An entrepreneur steeped in traditional Yankee spirit, new Executive Committee member George W. Schiele has been serving his community in business and local government for nearly 50 years. Andrew Cowin, Chairman of the Yankee Institute said, "George's extensive experience in business and local government, combined with a tremendous amount of common sense, has enabled him to consistently provide useful guidance to Yankee Institute."

Earning a Degree in Economics from the University of Pennsylvania, Wharton School of Business, George also served in the United States Air Force Air Defense Command where he rose to rank of Captain.

George's diverse background includes a stint as news anchor for WPBN-TV in Traverse City, Michigan. Shortly, thereafter, he served as a media executive with companies like Metromedia Inc. and Helmsley-Spear.

In 1967 George and his wife Joan moved to Greenwich, Connecticut where they raised three wonderful children, Caroline, Warren and Erick. Committed to educational excellence, the Schiele's sent their children to local private schools.

Owning companies such as Youth Marketing and George Warren Schiele Inc., George has also served on boards of groups from think tanks to museums. George has held the post of Director at the Yankee Institute since 2001 and most recently was invited to join the ranks of its Executive Committee. He is also a member of the Cato Institute, Economic Club of New York, Rainier and Penn Clubs. His connection to Yankee began five years ago when Lee Hanley, former Yankee Institute chairman, contacted George. Lee was aware of George's concern about the *Sheff II verses O'Neill* case, which threatened to end the local control of public schools in Connecticut.

Greenwich area residents Bill Tell, the late Keith McDermott and George, formed an action group focusing exclusively on resisting *Sheff*. Bill Tell added, "I certainly enjoyed working with George Schiele and Lee Hanley in Yankee's efforts to save Connecticut tax payers millions of dollars from the unconstitutional provisions in the settlement of the *Sheff* case."

An accomplished author, with bylines in over 30 newspapers and trade publications, including the *New York Times*, *Harvard Business Review*, *Naval Institute Proceedings*, *Los Angeles Times*, and *Forum*, George had an article published in the *Investor's Business Daily* where he analyzed the growth of public employment in Connecticut and the State's growing debt.

When asked why Yankee was worthy of his support, George says, "The Yankee Institute lives up to its name, in the traditional image of what is a Yankee 'the independent-minded, self-propelled, thoughtful American with an innate patriotism rooted in our history, strong principles and the heart to stand up for them.'" George believes that Yankee Institute's research shines a light on the workings of our state government that otherwise would escape public scrutiny, and imaginatively finds ways to improve public education and reduce public waste.

A passion for business success and family values, it's no surprise that George's children have followed in his footsteps. Caroline is an architect and married to husband Steven Leary, with beautiful triplets, Alexandra, William and Jack. Warren is a Wall Street development bond broker and married to wife Laura. Erick, a computer graphics designer, has worked well-known movies like "The Perfect Storm" and is married to wife Nancy.

Currently, George serves as Director of Connecticut Innovations Inc., and trustee for several family foundations.

Bottom line, George's addition to Yankee's Executive Committee is a partnership that will continue to create new ideas for a better government and lower taxes for the citizens of Connecticut.

Lower Taxes Plus School Choice Equals a Better Redding

While many towns are experiencing tax hikes as high as fifteen percent, Nonpartisan Action for a Better Redding (NABR) has recently delivered one of the lowest municipal tax increases ever, only five percent through information distribution and continued pressure on town officials.

NABR is considered one of the largest tax groups in Connecticut for a town of Redding's size (approximately 4,200 homes) reaching nearly 100 local homes with its email newsletter called *NABRbrief*, which is also distributed to another 100 homes statewide. Since 1997 the organization has been dedicated to fighting government waste, lowering taxes and improving education standards for all children. David Bohn, President and Chairman, said, "NABR is committed to the vision and principle that school choice increases property values, decreases government, waste and delivers the highest levels of educational excellence to all children."

Additionally, NABR has raised public awareness of how all children would benefit from the unilateral municipal adoption of school choice. Its plan advocates providing a grant to parents who enroll children in private schools. When some children are subsidized to attend private schools, the cost of public education decreases. This is because the dollar value of the grant is less than the per-pupil cost at local public schools. And because a portion of the savings stays with the public school to pay for fixed costs such as heating and maintenance, while the rest of the savings are rebated to taxpayers, everyone in the community benefits. Most importantly, students benefit because empowering parents with choice encourages all schools to do better.

Savings generated by the NABR plan are especially large in towns considering new school construction. By giving grants only to the number of students that need to be accommodated by the new construction, the plan eliminates expensive bonding. In the case of a school addition contemplated by Redding and Easton to their shared high school, NABR estimates its plan would save each town some \$90 million over 20 years.

To aid towns or cities considering private school grants as an alternative to new school construction, NABR and the Yankee Institute have developed an online, interactive calculator that takes readily available data and instantly yields an indication of the plan's savings. If you are interested in using Yankee's on line calculator to estimate your town's savings, please visit www.yankeeinstitute.org. Or if you would like to know more about NABR check out their website at www.betterredding.org.

School Choice Education Hangs in the Balance

Providing readers with balanced views on any subject can be challenging, especially public policy issues, like school choice. The Heartland Institute has been successfully achieving fair reporting on school choice topics with their publication, *School Reform News (SRN)*. A nonpartisan monthly publication since 1997, reaching 72,100 subscribers, *SRN's* mission is to provide the facts about the latest school reform issues and then let readers make up their minds.

Founding editor George Clowes established *SRN* as "required reading" for elected officials and school choice activists. Interviews with these folks revealed that they threw away policy studies and newsletters without reading them, but they all read newspapers every day. Heartland figured that by packaging public policy research as news, they might "get under the radar" and reach this highly leveraged audience. Heartland's newspaper strategy is working. Joseph L. Bast, President of Heartland Institute and Publisher of *School Reform News* reported that their latest survey of state legislators found eighty-four percent read at least one of their publications sometimes or always, and forty-seven percent say a Heartland publication influenced their opinions or led to a change in public policy.

Joseph Bast said, "While publications like *SRN* can help shape the opinions of elected officials, state think tanks like the Yankee Institute are critical to the success of the school choice movement, and to the success of other efforts to limit the size of government. There is no substitute for having people on the ground in a state, meeting with elected officials, civic and business leaders, and members of the press."

If you are interested in learning more about *SRN* please contact Karla Dial by email at dial@heartland.org or by calling (312) 377-4000. Subscriptions are available **free** on line at www.heartland.org.



Yankee Makes the Grade with Milbank Foundation



Through the generosity of the Milbank Foundation the Yankee Institute for Public Policy has been awarded \$35,000 in grants promoting two initiatives, an essay for *Policy Review*, called “More Choices for Disabled Kids: Lessons from Abroad”--the Institute’s most successful project to date, and school choice as a solution to special education problems in Connecticut.

“Milbank and JM foundations have invested substantially in the development of state think tanks throughout the United States. We have supported the Yankee Institute since 1991 and have continually been impressed with its entrepreneurial ability. It has consistently developed innovative ideas to improve public policy making in Connecticut,” said Carl Helstrom, President of Milbank and JM Foundations.

Milbank’s initial support to the Institute was in 2002, with “More Choices for Disabled Kids: Lessons from Abroad”, written by Executive Director, Lewis M. Andrews at the Yankee Institute. The study showed how special needs students have fared in the five countries that have universal school choice--Denmark, Netherlands, Sweden, New Zealand, and Australia. Special needs students have flourished in these countries because legislators have extended freedom of choice to all parents, including parents of the learning disabled, giving them the opportunity to shop around for a program that suits their child’s needs.

The Paris-based Organization for Economic Co-operation and Development (OECD), which tracks special education statistics internationally, has especially praised the Danes for their “strong commitment to inclusive education” and has held up Denmark’s approach to schooling as a model to the rest of the world. Lewis M. Andrews, executive director for the Yankee Institute, concludes, “If the oldest school choice country, Denmark consistently rates highest in special needs education then why do we worry about school choice hurting special needs?”

In 2004, Milbank also funded Yankee’s work promoting school choice as a solution to special education problems in Connecticut. The work of Yankee Institute’s Education Specialist, Theresa McGrath focuses on how Connecticut’s legislation is preventing children from having equal access to education.

The State is mandated to provide an avenue of due process that allows parents and schools a “Free and Appropriate Public Education” for all special education children. Theresa McGrath reports, “Children in Connecticut are failing because they are not getting an equal education to their peers, as is clearly stated in the Federal Individual with Disabilities Education Act 2004 (IDEA 2004) and 504 civil rights laws.” Providing an unbiased, legally binding due process system and eradicating the State’s total control would improve Connecticut’s failing special needs system, thereby allowing children a greater opportunity to receive appropriate services.

Currently, state laws in both Florida and Utah are allowing school choice for special needs children, revealing that special education school reform is emerging as a legitimate cost effective solution for children to receive immediate and appropriate education.

McGrath heads up the Family Alliance for Children in Education (FACE), a grassroots volunteer network that researches and promotes cost-effective solutions to Connecticut’s expensive public schools in selected communities where local officials are open to the financial benefits of school choice. McGrath is also working with parents to form their own FACE chapters in Westport, Hamden, Canton, and Southbury so they can achieve greater change in special education school choice with their local town officials.

Yankee’s school choice work funded by the Milbank Foundation is advancing education reform throughout the think tank community. Recently, Yankee was featured at several Cato Institute events in DC; the Atlas Foundation sponsored a follow-up study on Denmark;

Chairman’s Message



Yankee Chairman Andrew J. Cowin

It wasn’t so long ago that Connecticut was called “the Switzerland of New England.” We had low taxes, honest government, and a climate conducive to entrepreneurs willing to start companies and create jobs.

Now, the newspapers called it “Corrupticut.” A former governor is in jail, as are several local politicians, and more are under indictment. Meanwhile special interest groups rule the state legislature. It’s not a coincidence we pay more taxes than any other state, and have the highest debt of any state.

Yankee Institute is the only organization in Connecticut whose sole mission is to reform Connecticut’s government so that it works better while spending much less money, and thereby allowing taxes to go down.

Our policy analysts examine the state budget for waste and scour the nation’s academies for new ideas on better government. Then we package the solutions in high quality research papers to be given to elected officials and shared with the public.

We believe that good ideas will eventually lead to good government.



Moving Pictures Teach School Choice Message

There is an old Chinese saying “One picture is worth ten thousand words”. This is certainly true in the case of the Clare Boothe Luce Policy Institute. Last spring the Institute created a DVD showcasing the benefits of school choice.

Claire Booth Luce Policy Institute begins its story in the inner city of Richmond, Virginia where many parents seek better educational opportunities for their children. Struggling to pay taxes that support public schools they say are not educating their kids, parents are sending their children to small private schools where they are thriving.

To relieve the financial burden of paying twice, in the DVD parents argue that their tax dollars should follow their children where they are being educated, public or private.

A 2004 Friedman Foundation poll, conducted by leading research firm Wirthlin Worldwide, found that sixty-four percent of Americans think school choice is a good idea. And so the Clare Boothe Luce movie asks, why haven't parents been given more freedom? The oldest and latest emerging argument is that school choice would take funds out of the public school system, but just the opposite has been proven true. The investment to educate students in private school is about one half of the public school cost. Even if the full tuition follows a child to private school, half his per pupil cost stays with the public school district, leaving added resources for the remaining public school children.

Dr. Carl Moody, Economics Professor at the College of William and Mary, comments in the DVD that public schools would benefit by school choice because there would be smaller classes and resources per capita would increase, providing a win-win situation for all. Dr. Moody says most of the opposition comes from public school administrators because their income and status are measured by how many people they oversee including students in their district. Public schools also keep increasing the number of instructional staff even though student enrollment decreases. For example, a district in Virginia Beach, Virginia, currently has 425 fewer students than it did eight years ago, yet it recently added 470 instructional staff. It is no wonder property taxes are skyrocketing.

What about parents who are happy with their child's education? Does school choice hold any benefit for them? If they are taxpayers, according to the DVD, the answer is yes. Dr. Lewis M. Andrews, Executive Director at the Yankee Institute is quoted in the Clare Boothe Luce production as saying, “Tax payers may find a welcomed relief in school choice if their schools are overcrowded or facing multibillion dollar new school construction projects. Redding, CT a town of only 4,000 residents did a calculation of actually how much tax payers would save over 20-30 years by abandoning a construction project to accommodate a projected increase in students and sending those children to private school. The difference was a savings of over 90 million.” Dr. Andrews pointed out that a larger school district would look to save hundreds and millions of dollars. The money that would become available could go to improving existing public schools or provide taxpayers other things that are important to them.

Lil Tuttle, Education Director at the Clare Boothe Luce Policy Institute who produced the DVD, explained why she wanted to include the work of the Yankee Institute in its video. She said that Dr. Andrews and his colleagues have “done a tremendous public service” by creating an online calculator, which shows the financial benefits of school choice. “For a long time,” Tuttle says “suburbanites living in good public school districts could not see how school choice would benefit them. The calculator makes those economic benefits clear. Tax payers in good public school districts are subsidizing poorly performing public schools with their tax dollars.”

The Clare Boothe Luce Policy Institute DVD concludes that school choice is not against public education; it stands for pro-freedom, pro-child, pro-taxpayer, and pro-education. One size does not fill all, the best school public or private is the one that serves the child and the taxpayer can afford.

If you are interested in learning more about Clare Boothe Luce Policy Institute or in obtaining a copy of their new DVD you may call 1-888-891-4288 or visit their website at www.cblpolicyinstitute.org or www.choices-k12.org.

Why Invest in the Yankee Institute for Public Policy?



“We use research methods that have been tested nationally by free-market think tanks to generate pressure for lean and effective government.”

Lewis M. Andrews, Executive Director.

Your investment in a Yankee Institute gift supports our efforts to make government more efficient and effective by exposing new laws that violate constitutional principles, reducing burdensome taxes, encouraging privatization of government services, expanding parents' options to choose the best schools for their children, and providing real economic opportunities for the poor and disadvantaged.

If you believe in helping people help themselves and keeping more of what you earn, then please contribute today. Your donation assists us to broaden our impact as we transform Connecticut into a society where people are empowered to pursue private solutions to personal and social needs without hindrance from government.

We invite you to become a member by joining one of our giving societies:

- President's Cabinet \$2,500 – \$5,000, • Citizens' Advisory Board \$1,000 – \$2,499, • Freedom Fighter \$500 – \$999,
- Yankee Club \$150 – \$499, • Member \$50 - \$149.

Your membership includes: Yankee Institute publications, special invitations to free seminars at Trinity College by national policy experts, and opportunities to network with like-minded leaders and creative thinkers throughout Connecticut.

Cut off below and return your gift in the enclosed envelope. Please make check payable to: *The Yankee Institute for Public Policy, Inc.*

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From Left: Michael Selvaggio, Susan St. Pierre, Richard Freeman, Nancy Taylor, Theresa McGrath, Yankee Institute Education Specialist and Family Alliance for Children in Education (FACE) Director, and Craig Taylor. The group posed for a photo after meeting at the Yankee Institute where Theresa offers resources and support to parents concerned with school choice as a solution to special education problems in Connecticut.

YANKEE INGENUITY Fall 2005



Yankee Institute Treasurer Professor Gerald Gunderson of Trinity College welcomes Dr. Edward Stringham of San Jose State University for a public lecture sponsored by the Shelby Cullom Davis Endowment at Trinity College on California Housing Mandates.