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**WHISTLEBLOWER PROTECTION BILLS**  
BIPARTISAN BILLS AIM TO PREVENT RETALIATION AGAINST INDIVIDUALS WHO REPORT CORPORATE WRONGDOERS TO THEIR SUPERIORS. — **P. 13**



**JUDGES ORDER IL GOV. SPENDING**  
INVESTIGATION REVEALS SPENDING DIRECTED BY THE COURTS TOTALING 18 PERCENT OF STATE BUDGET—MORE THAN \$12 BILLION. — **P. 21**



# BUDGET & TAX

Vol. 18 No. 2 February 2020

# NEWS

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Georgia has a shortage of at least 350,000 new housing units, in part because land-use controls restrict building.  
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# Bipartisan Spending Bills Will Fund Government Through September

**By Jesse Hathaway**  
A package of appropriations bills signed into law by President Donald Trump will fund all federal government operations through September 30, 2020.  
H.R. 1158, signed one day before the statutory spending authority of the federal government was scheduled to lapse, exceeds spending caps enacted by the Budget Control Act of 2011 by \$92.6 billion.  
Trump also approved H.R. 1865, which removes a 2.3 percent excise tax on medical devices and a 40 percent excise tax

**SPENDING BILL, p. 6**

# Feds Probe Red-Light Camera Corruption in Illinois, Legislators Back Ban

**By Mason C. Aberle**  
Several Illinois state legislators are backing bills to ban red-light cameras statewide as the FBI and IRS probe public corruption in the Prairie State related to a camera-system vendor.  
Red light cameras are automated devices that photograph vehicles that

fail to stop at a red light. The systems generate a citation to the vehicle's owner, and the revenue generated by fines is split between the local municipal government and the vendor.  
Across the United States, 341 communities use red-light cameras,  
**RED LIGHT CORRUPTION, p. 4**

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# College Athletes Could Soon Profit from Commercial Deals

By Hayley Sledge

College athletes will soon be able to benefit financially from endorsements and licensing of their images under a new California law, a change in policy by the National Collegiate Athletics Association (NCAA), and bills under consideration in the Michigan state legislature.

Gov. Gavin Newsom of California signed a bill allowing college athletes to sign endorsement deals and hire agents. The new law is set to take effect in 2023 and would allow student athletes in public and private schools to promote products and companies for money. California became the first state to enact a law allowing student athletes to benefit from commercial deals.

Soon after, the Board of Governors of the National Collegiate Athletic Association (NCAA) voted unanimously on October 29 to allow college athletes to profit from use of their name, image, and likeness beginning in 2021.

Around the same time, ex-athletes in the Michigan Legislature proposed bills that would allow collegians to profit from their stardom in 2020. H.B. 5217, which would allow student athletes to receive compensation from businesses in exchange for using any form of their name, likeness, or image, was introduced by Michigan state Rep. Brandt Iden (R-Kalamazoo), who played tennis in college. H.B. 5218, which would allow agents to enter into contracts with student athletes, was introduced by Michigan state Rep. Joe Tate (D-Detroit), a former offensive lineman at Michigan State University and in the NFL.

### 'Employees in Every Sense'

The NCAA opposes the new law in California and proposed legislation in other states, states a Q&A on the NCAA's website.

"The action taken by California likely is unconstitutional, and the actions proposed by other states make clear the harmful impact of disparate sets of state laws," the NCAA stated. Any changes must be "consistent with the collegiate model" and ensure college athletes do not become employees of their school, the NCAA states.

College athletes work for their schools, and the NCAA represents their employers, says Robert Lawson, director of the O'Neil Center for Global Markets and Freedom at Southern Methodist University.

"We should decry employer cartels [like the NCAA] that rig markets against employees—athletes in foot-



**"If firms in another industry colluded to pay their workers essentially nothing while the CEOs made millions, the federal government would instantly file an antitrust suit."**

**CHRISTOPHER DOUGLAS  
CHAIR OF THE DEPARTMENT OF  
ECONOMICS  
UNIVERSITY OF MICHIGAN-FLINT**

ball and basketball at the top schools are employees in every sense of that word—just as much as we decry business cartels that rig markets against consumers," Lawson said.

"While I don't really favor a government solution to break up the NCAA, I am happy to see California get out of the way so that market competition can develop to reduce the NCAA's power," Lawson said.

### Unseen Revenue

College athletics generated total revenues of \$10.3 billion in 2018, the NCAA states.

College athletes do not receive any of the billions of dollars of revenue they bring in for their schools, and their coaches and schools get the economic benefits of their talent, says Christopher Douglas, associate professor and chair of the Department of Economics at the University of Michigan-Flint.

"A star college quarterback himself might generate several million dollars in revenue for his school and for the NCAA," Douglas said. "However, the quarterback—and other college athletes—see essentially none of this revenue. Instead, the revenue is captured by the schools, NCAA, and coaches."

### 'Impossible to Justify'

The large discrepancy between the players' lack of compensation and the

coaches' million-dollar salaries, such as that received by the head coach of the University of Michigan Wolverines football team, is unacceptable, Douglas says.

"It is impossible to justify why a coach like Jim Harbaugh can be paid \$7.5 million per year while the players are paid nothing," Douglas said. "There is no other industry in the U.S. economy where this would be allowed."

In any other industry, the pay gap would likely be met with a lawsuit, Douglas says.

"If firms in another industry colluded to pay their workers essentially nothing while the CEOs made millions, the federal government would instantly file an antitrust suit," Douglas said. "But for some reason, this is allowed in the NCAA."

"There is no compelling reason for why college athletes should not be paid," Douglas said. "College athletes generate millions of dollars in revenue for their schools and the NCAA in the form of ticket sales and television broadcasting revenues."

Hayley Sledge ([hayley@sledges.us](mailto:hayley@sledges.us)) writes from Dayton, Ohio.

## INTERNET INFO

Chris Talgo and Emma Kaden, "To Pay or Not to Pay: The Big Business of Collegiate Sports," The Heartland Institute, October 11, 2018: <https://www.heartland.org/news-opinion/news/to-pay-or-not-to-pay-the-big-business-of-collegiate-sports>

# Feds Probe Red-Light Camera Corruption in Illinois, Legislators Back Ban

Continued from page 1

including 68 municipalities in Illinois, according to the Insurance Institute for Highway Safety.

## Multiple Ban Bills

Three bills that would bar local governments from contracting with companies that install and maintain red-light cameras were introduced in the Illinois House in 2019. Carroll signed on as a cosponsor of H.B. 3927, which was previously introduced by Rep. Kambium Buckner (D-Chicago), on November 6.

State Reps. Grant Wehrli (R-Naper-ville) and Mark Batinick (R-Plainfield) introduced a bill, H.B. 3909, that had seven additional cosponsors as of November 5, and state Reps. David McSweeney (R-Barrington Hills), and Jonathan Carroll (D-Buffalo Grove) introduced H.B. 323, which had seven additional cosponsors as of November 4.

The Illinois Senate Transportation Committee approved a bill, S.B. 1297, that would order the state Department of Transportation to study the issue



of automated traffic law enforcement systems, but it was not considered by the full Senate before the chamber adjourned for the year on November 14.

## Feds Probe Corruption

State Sen. Martin Sandoval (D-Chicago), who previously quit as head of the Illinois Senate Transportation Committee, resigned from office effective January 1, 2020, State Board of Elections officials announced on November 27.

The FBI and IRS raided Sandoval's offices in connection with an investigation of SafeSpeed LLC, a red-light

camera company operating in Illinois that contributed to his campaign, in September. Federal agents also raided the offices of several municipal governments in Illinois.

SafeSpeed hired other public officials as part-time sales representatives for the firm. The practice is not illegal in Illinois, though officials are required to report such activities to the government.

A federal investigation of a previous red-light camera vendor for the city of Chicago, Redflex Traffic Systems Inc., resulted in convictions of both company and public officials.

**"Red light cameras are a pure cash grab for municipalities. No one has been able to convince me otherwise."**

**JONATHAN CARROLL**  
ILLINOIS STATE REPRESENTATIVE

## 'A Pure Cash Grab'

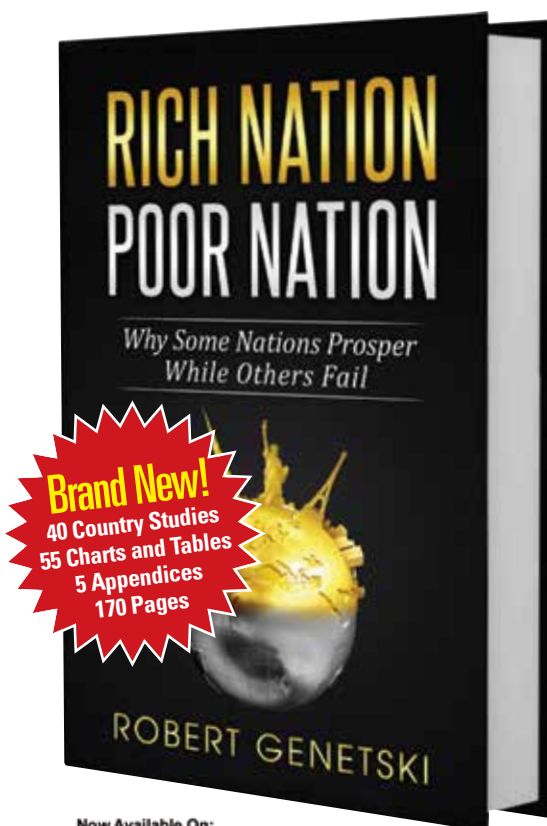
Red light photo-enforcement raised more than \$1 billion in fines from drivers for Chicago and other local governments in Illinois from 2008 to 2018, states an analysis by the Illinois Policy Institute (IPI) published in October. The data were collected through hundreds of Freedom of Information Act requests, IPI says.

"Annual revenue from red-light camera tickets in Illinois more than doubled from 2008 to 2018," an IPI press release stated. "This was driven by a rapid increase in cameras for local governments outside Chicago. ... The Chicago suburbs generated almost as much revenue from red-light cameras as the city of Chicago in 2018."

Cities view the cameras as a way to generate more revenue, says Carroll.

"Red light cameras are a pure cash grab for municipalities," Carroll said. "No one has been able to convince me otherwise."

Mason C. Aberle ([mason.aberle@gmail.com](mailto:mason.aberle@gmail.com)) writes from Hillside, Michigan.



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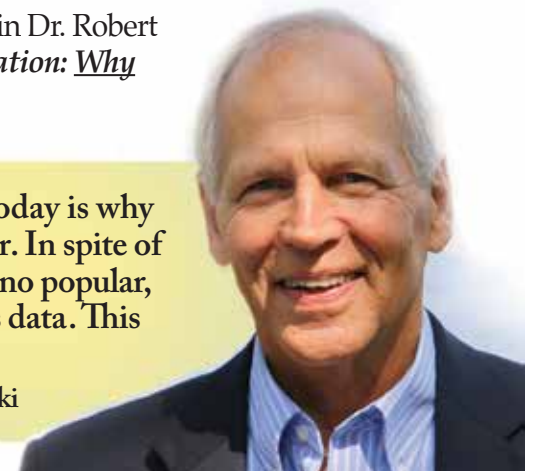
**Venezuelans are starving to death**, reportedly eating zoo animals, pets, and even rats to survive. Basic consumer products and medicines are gone. Gangs and police openly murder. Rumors of cannibalism fill the air.

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— Dr. Robert Genetski





# Harrisburg Nixes Water System Sale, Bucking Trend

By Vivian E. Jones

Several U.S. cities sold their water systems to the private sector in 2019, but Harrisburg, Pennsylvania decided after lengthy consideration it will not pursue privatization.

Capital Region Water (CRW), Harrisburg's water utility, announced plans to implement higher stormwater fees on January 1, 2020. In response, Harrisburg Mayor Eric Papenfuse put out a request to see if any local firms were interested in purchasing the utilities and could lower fees for residents. Four companies responded, and the city interviewed three.

The CRW Board voted to delay implementation of the new stormwater fees until July 1. The delay will allow CRW to seek approval from the U.S. Environmental Protection Agency for a 20-year, \$315 million plan to reduce wastewater and stormwater overflow draining into local waterways.

Based on CRW's decision to postpone the rate increases, the city will drop the idea of selling or leasing the water and sewer systems, *The Burg* reported on November 20.

"Ultimately, I'm hopeful that CRW can get the job done," Papenfuse said. "Privatization is off the table."

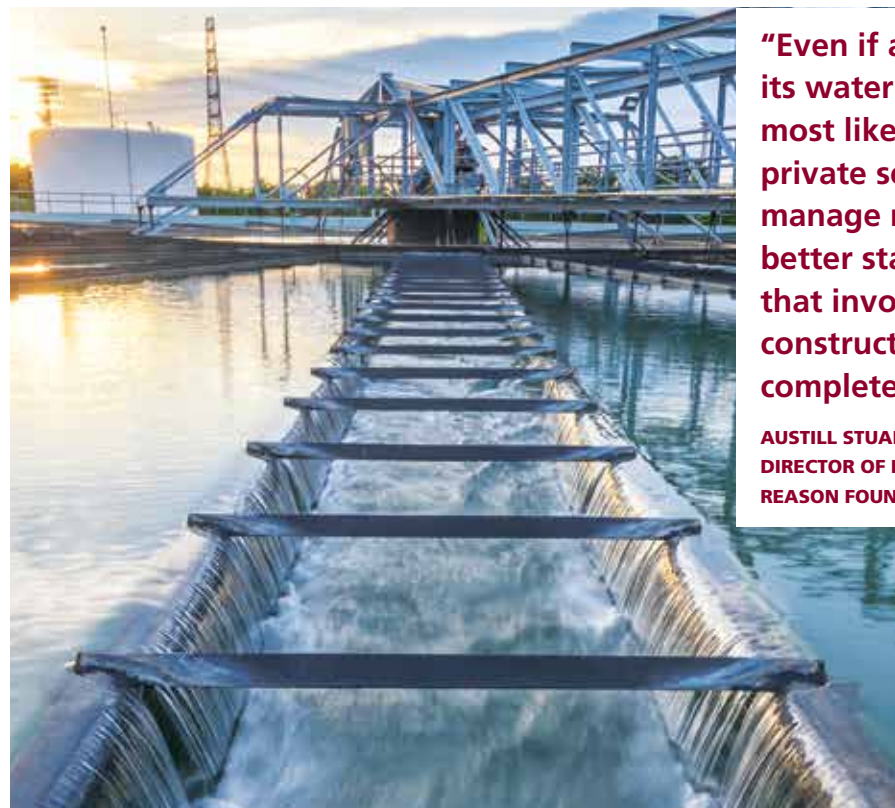
## Growing Trend

Harrisburg is just one of several U.S. cities that considered water utility privatization in 2019, but other municipalities took the step. For example, Lake Station, Indiana sold its water system to Indiana American Water for more than \$20 million in October, joining more than a dozen other water and wastewater systems bought by IAW in recent years. Jerseyville, Illinois sold its water system to Illinois American Water for more than \$43 million in December.

Nationwide, about 12 percent of the population, or more than 36 million people, are served by private water utility systems, states the Environmental Finance Center at the University of North Carolina.

There are several benefits to a municipality when it sells or leases utility assets to a private provider, says Austill Stuart, director of privatization and government reform at the Reason Foundation and editor of its annual privatization report.

"The basis for entering into any such agreement usually stems from wanting to transfer risks," Stuart said. "If major rebuilding or expansion is needed, transferring construction risks—and the costs associated with them—can



**"Even if a city doesn't sell or lease its water system, new infrastructure most likely will be delivered by the private sector. Private companies that manage multiple systems are usually better staffed to handle large projects that involve rebuilding and new construction and can more quickly complete them ..."**

**AUSTILL STUART  
DIRECTOR OF PRIVATIZATION AND GOVERNMENT REFORM  
REASON FOUNDATION**

save municipalities time and money, as most municipalities lack the labor resources on-demand to undertake such endeavors in a time-efficient or cost-efficient manner."

## Private Sector Role

The private sector will probably have a role in infrastructure finance or management in cities like Harrisburg that don't sell their assets, Stuart says.

"Even if a city doesn't sell or lease its water system, new infrastructure most likely will be delivered by the private sector," Stuart said. "Private companies that manage multiple systems are usually better staffed to handle large projects that involve rebuilding and new construction and can more quickly complete them, especially when the municipalities enter 'performance-based' contracts that financially reward firms for good, timely work and punish them for delays and cost overruns."

The CRW plan for Harrisburg is projected to eliminate only about 60 percent of the raw sewage dumped into the Susquehanna River and other waterways that empty into the Chesapeake Bay, Stuart stated in a commentary on November 20 before the CRW vote.

"Over the long-term, CRW has shown that it does not possess the ability to fix the city's water issues alone, much less ensure Harrisburg won't be facing similar problems down the road," Stuart wrote.

## Avoiding the 'Next Flint'

Cities can avoid or mitigate water quality problems, such as the public health crisis that occurred in Flint, Michigan due to deteriorating infrastructure and mismanagement, by utilizing the private sector, Stuart says.

"If a publicly run water system has the problems of Flint, it's the city's responsibility to fix them," Stuart said. "With privatization and outsourcing, the private partner would bear at least some responsibility."

"Those companies don't want to be responsible for the 'next Flint,' and will look to avoid water-quality issues before they make their way to faucets," Stuart said.

## Managing 'Sludge'

Many cities want the benefits of outsourcing utility management without transferring ownership through privatization, Stuart says. These municipalities enter service contracts with private firms.

"New Orleans outsources its wastewater system's operations and management," Stuart said. "Atlanta, Baltimore—which has otherwise 'banned' water privatization—and Philadelphia are just a few cities that rely on private firms to handle services related to 'sludge' [a byproduct of wastewater treatment] management, though in those cases the private firm also built the infrastructure providing the service

and usually owns it, too.

"By having a firm build sludge treatment infrastructure, as well as operate and maintain it, those cities transferred a large amount of risks that officials deemed would be better handled by the private sector," Stuart said. "When speaking of larger water and wastewater systems, the story is similar: Since cities usually rely on private firms to build new infrastructure in 'design-build' contracts, it often can make a lot of sense for those same firms to operate and maintain the infrastructure, which typically leads to saving time and money."

Most municipalities that choose to privatize utilities seem satisfied with the arrangement. Data show 85 percent of private municipal water/wastewater contracts from 2007-2016 were renewed, Reason Foundation's *Annual Privatization Report 2017* states.

"It is important to note that when municipalities enter these arrangements, they tend to stick with them overwhelmingly—or move to a competitor—rather than take the service back 'in-house,'" Stuart said.

Vivian E. Jones ([vivianejones@aol.com](mailto:vivianejones@aol.com)) writes from Nashville, Tennessee.

## INTERNET INFO

Austill Stuart, ed., *Annual Privatization Report 2019*, Reason Foundation, updated October 31, 2019: <https://reason.org/privatization-report/annual-privatization-report-2019/>

# Bipartisan Spending Bills Will Fund Government Through September

Continued from page 1

on employer-sponsored health insurance plans with exceptional benefits, increases spending on most domestic government agencies, and boosts federal employees' salaries.

H.R. 1865 increases domestic spending authority by more than \$171 billion beyond levels set in 2019 and directs \$100 billion in taxpayer money to bail out private-sector benefit plans for members of organized labor.

The two bills' total price tag is \$1.4 trillion for the rest of the 2020 fiscal year. Unlike spending on government operations, permanent programs such as Social Security and Medicare do not require appropriations or authorization on a continuing basis.

## Bipartisan Blame

Spending increases are a bipartisan problem, says Merrill Matthews, a resident scholar with the Institute for Policy Innovation and a policy advisor to The Heartland Institute, which publishes *Budget & Tax News*.

"The only difference between Republicans and Democrats over massive government spending increases is some Republicans claim to feel guilty about it and say they will try to do better next time, but 'next time' never comes," Matthews said.

The two major political parties have cooperated in growing the federal government, says Ryan McMaken, a senior editor with The Mises Institute and a former economist for the Colorado Division of Housing.

"Since at least the 1980s, it has been clear that the GOP has little interest in cutting or controlling spending when it is in power," McMaken said. "When the GOP had total control of Washington during the George W. Bush days, it greatly increased spending. Moreover, during the Obama years, the GOP never used its control of Congress to seriously attempt any cuts in spending. Now, with Trump, who has never shown any interest in cutting spending at all, we shouldn't be surprised to find the Democratic majority in the House and the GOP-controlled Senate both along for the ride."

## Spending vs. the People

Growing government budgets shrink the pocketbooks of everyday people, McMaken says.



"Spending is always a problem for a variety of reasons," McMaken said. "Many people view government spending as no big deal because it puts resources in the economy, but that's not true at all. For one, those resources were already in the economy before they were extracted in taxes. Then the government takes its cut and spends the rest, but that's hardly a win-win. From an economic standpoint, spending is a problem because it distorts the private economy and raises prices on those resources that the government is spending on."

Spending increases add to the annual federal budget deficit, which increases the government debt, all of which depresses the economy and will lead to calls for tax hikes in the future, Matthews says.

"The problem with deficit spending is it sucks money out of the private sector, where it is typically spent and invested in more efficient ways," Matthews said. "In addition, it creates an opening for Democrats to claim they must raise taxes in order to address the defi-

cit. Republicans like to boast they cut taxes, and they occasionally get that opportunity. They almost never seize the opportunity to cut spending."

## Unbalanced Budget

Congress's removal of the "Cadillac" tax on generous employer-sponsored health insurance and the medical-device excise tax is a mixed blessing, Matthews says.

"While cutting some Obamacare taxes was a good thing, it only exacerbates the deficit and federal debt, problems they want to ignore," Matthews said. "But since voters haven't held them accountable for their failure to fulfill their promises to cut spending, most Republicans see little reason to change their ways."

Cutting taxes yields real benefits only if spending is also reined in, McMaken says.

"Certainly, reductions in taxes that don't lead to more deficit spending are good things, but when tax cuts are just replaced by deficit spending, that's just a tax increase for future taxpayers, and



**"Certainly, reductions in taxes that don't lead to more deficit spending are**

**good things, but when tax cuts are just replaced by deficit spending, that's just a tax increase for future taxpayers, and it also means a greater burden on present taxpayers in the form of continued payments on the debt. There is no free lunch here."**

**RYAN MCMAKEN**  
SENIOR EDITOR  
THE MISES INSTITUTE

it also means a greater burden on present taxpayers in the form of continued payments on the debt," McMaken said. "There is no free lunch here."

## 'We Can Hope!'

Politicians' promises to restrain federal spending are unlikely to pan out, Matthews says.

"There are rumors that President Trump will take stronger steps to control government spending if he wins reelection," Matthews said. "We can hope! Even though Trump won't be running for reelection after 2020, Republicans in the House and Senate will be running, and many of them will beg him to compromise on any spending-cut notions he might have, to improve their chances of reelection."

Unless lawmakers balance the equation of tax cuts and spending, the consequences are certain, McMaken says.

"The military, the elderly, and the impoverished will all see declines in benefits and budgets, as the federal government increases its debt payments over time," McMaken said. "[When] interest rates rise even a little, many will feel the pinch. Also, many businesses will continue to pay more for goods and services as federal agencies bid up prices, as government spending increases. Consumers who get their incomes from the private sector will be hit in the pocketbook."

*Jesse Hathaway (think@heartland.org) is a policy advisor with The Heartland Institute.*



# ‘Old-Fashioned Land Grab’ in Colorado Appealed to U.S. Supreme Court

By Ashley Herzog

The U.S. Supreme Court has been asked to review a Colorado property rights case for abuse of eminent domain.

Colorado law allows property owners and residents to form “special municipal districts” that can use eminent domain to take private property. In this case, Century Communities, a private developer in Parker, Colorado, purchased land adjacent to a competing developer, Woodcrest Homes. Employees of Century then formed a special municipal district called the Carousel Farms Metropolitan District, and condemned Woodcrest Homes’ land to use for roads and utilities.

Woodcrest Homes argues this process violated the Fifth Amendment by using eminent domain to seize the land for the benefit of a private developer. The Colorado Supreme Court sided with Century Communities, and the Institute for Justice (IJ), a public interest law firm, appealed the case to the U.S. Supreme Court.

This is an “old-fashioned land grab,” stated IJ attorney Jeffrey Redfern, in a press release on November 7, the day IJ petitioned the Court.

## Justice Thomas’s Dissent

The U.S. Supreme Court decided *Kelo v. City of New London*, a 2005 eminent domain case, by a five-to-four vote. The majority opinion found the government taking property from one private owner in order to transfer it to another party in furtherance of economic development is a permissible “public use” under the Fifth Amendment. The other four justices filed a dissenting opinion written by Justice Sandra Day O’Connor.

In addition, Justice Clarence Thomas filed a separate dissenting opinion challenging the constitutional basis of the majority opinion. Thomas was right, says Warren Norred, a Texas attorney who has successfully litigated public interest cases.

“The Supreme Court in *Kelo* made a grievous error when, as Justice Thomas pointed out, it effectively redefined the Fifth Amendment’s ‘public use’ clause to mean ‘public purpose,’” Norred said.

## Pretext for Taking Property

The Colorado case is an opportunity for the high court to limit eminent domain as the authors of the Fifth Amendment intended, Norred says.

“The Court should correct this error



by recognizing that a taking which primarily benefits a private development project is not a public use as understood by the Framers, but an actual pretext to take property from one person and give it to another person who is better connected to those in power,” Norred said.

For most of the history of the United States, eminent domain was limited to truly public uses, says Jeffrey Redfern, attorney of record for Woodcrest’s petition to the U.S. Supreme Court. That changed with *Kelo*, Redfern says.

“In *Kelo*, the Supreme Court held that ‘economic development’ was a valid public use and that the government could take property from one person and give it to another for no better reason than that the new owner would generate more tax revenue,” Redfern said.

## Limits in Kelo

The *Kelo* decision placed some restrictions on the use of eminent domain, Redfern says.

“The Court held that it is unconstitutional to take property when the purpose is to help a particular private party,” Redfern said. “The reason the Court said that wasn’t happening in *Kelo* is that the government came up with its economic development plan before even knowing who the private developers were going to be. But the Court, and Justice [Anthony] Kennedy, noted that there may be circumstances where the connection between a private party and the government is such that a taking may be presumptively unconstitutional.”

By the Supreme Court’s own standards, the Colorado case was absolutely an abuse of eminent domain, Redfern says.

“What’s happening in Colorado is actually worse than Justice Kennedy’s hypothetical,” Redfern said. “It’s not

just a private developer that has a cozy relationship with the government. Here, the private developer essentially is the government. The Colorado Court of Appeals recognized that the municipal district was functioning as the private developer’s alter ego. The developer’s employees are the voting members of the district, and they did what their employer told them to do.”

## ‘Simply Inconsistent with Kelo’

The Colorado Supreme Court’s ruling ignored the limits set by the *Kelo* ruling in upholding Century’s development plan, which was approved by Parker officials, Redfern says.

“Even after *Kelo*, a condemnation is unconstitutional if the purpose is to advance a private party’s interests,” Redfern said. “The Colorado Supreme Court acknowledged that one of the purposes of this taking was private: satisfying the agreement between the developer and the Town of Parker. The Colorado Supreme Court said that doesn’t matter, though, so long as the public eventually gets to use the land seized.

“That’s simply inconsistent with *Kelo* and with cases around the country that recognize that when it comes to eminent domain, purpose matters,” Redfern said.

## Courts ‘Confused’

Courts have interpreted *Kelo* differently in various jurisdictions, making eminent domain abuse an issue requiring a national resolution, Redfern says.

“We think this is a good candidate for Supreme Court review,” Redfern said. “Courts around the country are increasingly confused about the role of purpose in takings analysis, and two other courts just this year have issued rulings similar to Colorado’s, which deepens the split of authority.”

The high court could decide to hear



**“What’s happening in Colorado is actually worse than Justice**

**Kennedy’s hypothetical. It’s not just a private developer that has a cozy relationship with the government. Here, the private developer essentially is the government. The Colorado Court of Appeals recognized that the municipal district was functioning as the private developer’s alter ego. The developer’s employees are the voting members of the district, and they did what their employer told them to do.”**

**JEFFREY REDFERN  
ATTORNEY  
INSTITUTE FOR JUSTICE**

the Colorado case in the next few months, Redfern says.

“The Supreme Court is going to have to take this issue up sooner or later, and this case presents the issue very cleanly,” Redfern said. “We are confident that if the court takes the case, it will reaffirm what it held in *Kelo* and reverse.”

Ashley Herzog ([aebriestow85@gmail.com](mailto:aebriestow85@gmail.com)) writes from Avon Lake, Ohio.

## INTERNET INFO

Jeffrey H. Redfern et al., “Petition to the U.S. Supreme Court, *Woodcrest Homes, Inc. v. Carousel Farms Metropolitan District*,” Institute for Justice, November 7, 2019: <https://www.heartland.org/publications-resources/publications/institute-for-justice-woodcrest-homes-petition-to-the-us-supreme-court>



## THE HEARTLAND INSTITUTE'S

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# Unions Deploy Teachers Strikes to Stop School Choice

By Hayley Sledge

Teachers strikes in Chicago and Los Angeles were two of the largest union actions in 2019, among an increasing number of protests by educators in government schools that included demands for restrictions on charter schools.

Charter schools, a form of school choice, are less-regulated public schools. Chicago teachers unions expressed their opposition to charter schools in 2019 by demanding the continuation of a moratorium on additional charter schools in the city. The charter moratorium caps charter enrollment over the life of the five-year contract that ended the two-week strike on October 31.

Strikes advocating similar freezes on charter schools occurred in California, Ohio, and South Carolina in 2019.

The strike actions have proliferated since teachers in West Virginia left work in February 2019 to protest an education reform bill that would have authorized the state's first charter schools. The legislature did not pass the bill, but a compromise law that allows the creation of three charter schools by 2023 was signed into law by Gov. Jim Justice on June 28.

## Unions 'Slinging Mud'

The strikes show teachers unions feel pressure from charter school competitors, says Larry Sand, president of the California Teachers Empowerment Network.

"The teachers' unions are threatened by any disruption to their education monopoly," Sand said. "Instead of trying to compete with these schools of choice, the unions try to kill them off."

Teachers unions routinely slander charters and private schools, Sand says.

"Private schools are almost never unionized, and only a very small percentage—about 11 percent—of charters are," Sand said. "[Unions] demean charters by accusing them of 'cherry-picking students' or claim that private schools are racist. Both are untrue, but when you are desperate to win a battle, slinging mud is just part of the deal."

## 'Throwing a Tantrum'

Teacher strikes come at the cost of students, says Teresa Mull, a policy advisor on education issues to The Heartland Institute, which publishes *Budget & Tax News*.

"In striking, teachers are basically



throwing a tantrum and refusing to do the work they were hired to do ... and while they strike, who suffers? Innocent parents and children," Mull said.

## 'A Logical, Quick Fix'

Strike vouchers, a concept developed by The Heartland Institute, would allow parents experiencing a teacher strike to send their child to any private, parochial, or charter school willing to enroll additional students, Mull says.

"Strike vouchers are a logical, quick fix to the disgraceful practice that is teacher strikes," Mull said. "Strike vouchers would offer these families a place to go that is wholesome, educational, and, best of all, immune, at least temporarily, from the ills caused by teachers who turn a blind eye to their duties and take to the picket line."

Increasing education options is necessary to fix the rampant shortcomings of public education, Mull says.

"Strike vouchers and other education choice programs are the only solution to a deeply flawed government school system," Mull said.

Hayley Sledge ([hayley@sledges.us](mailto:hayley@sledges.us)) writes from Dayton, Ohio.

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# Local Governments Suffered Nearly a Thousand Ransomware Attacks, Report Finds

By Nolan Ryan

At least 948 government entities in the United States were attacked by ransomware hackers extorting money in 2019, a new report states.

The total cost of the attacks could exceed \$7.5 billion, states the report from Emsisoft, a cybersecurity firm. The attacks were made against “103 state and municipal governments and agencies, 759 healthcare providers, and 86 universities, colleges and school districts, with operations at up to 1,224 individual schools potentially affected,” Emsisoft reports.

“The threat level is now extreme and governments must act immediately to improve their preparedness and mitigate their risks,” Emsisoft states.

The December Emsisoft report was released in response to a ransomware attack on the City of Pensacola, Florida. The perpetrators of the attack demanded a \$1 million ransom in exchange for a decryption key after they stole city data and denied the city access to its own data. The next day, New Orleans Mayor LaToya Cantrell declared a state of emergency due to a cyberattack on the city which posed a potential danger to citizens’ digital information.

## ‘More Likely to Pay’

Criminal hackers focus on local governments as targets of attacks, rather than the federal government, “because the assets and resources aren’t there to protect them,” says David Grantham, a national security policy and counterterrorism expert.

“A lot of them piggyback and are connected to other networks that could potentially provide a hacker backdoor access,” Grantham said. “The attack strategy seems to be to go after the more vulnerable. They’re more likely to pay ransom because they don’t have the sophisticated tools to repair it. A lot of networks overlap and connect, in ways even some of the designers don’t know.”

**“People are scared to share information about being hacked, but the only way to learn how to prevent these situations is to share. It doesn’t mean you have to expose everything, but explain how the attack was carried out and what ransomware to look for.”**

**DAVID GRANTHAM**  
NATIONAL SECURITY POLICY AND COUNTERTERRORISM EXPERT

Unlike the federal government, local governments generally don’t allocate enough spending toward protecting their digital information, says Seton Motley, president of Less Government. The answer, however, is not to raise taxes but to use existing funds more wisely, Motley says.

“One of my rules is that when someone says, ‘Let’s raise taxes,’ the unspoken assumption is that every penny we’re already raising is being spent perfectly well,” Motley said. “That’s not the case. This is a spending problem, not a revenue problem. The solution isn’t a wealth tax or a higher income tax. The solution is to spend less.”

## Utilizing Private Sector

Hiring private companies to protect a government entity’s digital data is a better solution in the long run than hiring government cybersecurity personnel who get pay and benefits, Motley says.

“There are experts at this in the private sector,” Motley said. “There’s no reason to insource this. You should hire a company and keep cronyism in the hiring process to a minimum.”

Private companies can have 1,000 or more customers and are efficient because they focus on one area of service, Motley says.

“[Private companies] have their code, then they just replicate it,” Motley said. “They have the sales force to add customers and internal workforce. They say, ‘We’ll tighten up our code here.’

They’re constantly working on it and doing it in scale, rather than the government sitting and waiting for it to happen.”

This approach to private contracting follows what Motley calls the “Yellow Pages rule”: “If you can find it in the yellow pages, the government shouldn’t do it,” Motley said.

## Cyber ‘Amber Alert’

If the government knows exactly what it wants out of a contract, the private sector can be a good place to go, Grantham says.

“There is a vendor for every little tool you could want,” Grantham said. “There are a lot of counties and cities that have robust IT departments in Texas. They do quite well. They went and purchased programs that assist them in their work. Smaller departments could contract some of those capabilities out to the private sector.”

Regional cooperation could help by enabling cities and other government organizations to pool resources to protect their shared networks, says Grantham. On a regional basis, city and county governments could have a secured network where they could share attack information and communicate when attacks do happen, Grantham says.

“If you’re getting hit, maybe in Houston, someone could say in El Paso, ‘Let’s go ahead and shut down our system for now until we know more,’” Grantham said. “Having a communication system,

almost like an Amber Alert, would be helpful.”

## Pre-9/11 Mentality

New Orleans did the right thing in declaring a state of emergency and being open about the problem, says Grantham, but those solutions are good only if you know what the problem is. Local governments need to be more open to sharing information with other nearby localities about digital problems in order to address them as quickly as possible, says Grantham. That will require them to overcome obsolete attitudes about cybersecurity, Grantham says.

“We’re living in a pre-9/11 world when it comes to cybersecurity,” Grantham said. “People are scared to share information about being hacked, but the only way to learn how to prevent these situations is to share. It doesn’t mean you have to expose everything, but explain how the attack was carried out and what ransomware to look for.”

Nolan Ryan ([nryan1@hillsdale.edu](mailto:nryan1@hillsdale.edu)) writes from Hillsdale, Michigan.

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# Fast-Growing Georgia Faces Housing Shortages

By Bonner R. Cohen

The state of Georgia has a shortage of at least 350,000 new housing units, states a report by the Georgia House of Representatives' Study Committee on Workforce Housing.

The Peachtree State faces the prospect of soaring population growth and a woefully inadequate housing supply, especially in the booming Atlanta metropolitan area, the report states.

"Since 2007, 75% of the building industry has evaporated," the report stated. "People who were building houses at the height of the market left the industry during the recession and never came back. Meanwhile, Georgia's population never stopped growing."

From 2000 to 2009, the state issued 654,000 building permits for new homes, a figure that declined to 285,300 from 2010 to 2018.

In Georgia, "the issues are with supply, not demand," the legislators wrote.

## Allow Markets to Work

In particular, the growing population in and around Atlanta is increasing the demand for housing, causing prices to rise, the report says.

"In the Atlanta metro area, higher-wealth households have been driving the market by increasing competition and prices for homes in more desirable neighborhoods," the report stated. "From 2011-2018, the average single-family home sales price in Georgia jumped from \$163,220 to \$301,000, an increase of 85.5 percent, making Atlanta the nation's third-hottest housing market, behind Houston and Dallas/Fort Worth."

More housing will be built as prices rise, says Christine Ries, an economics professor at the Georgia Institute of Technology.

"As a classical economist, I would argue that any 'shortage' will be eliminated by the market if prices are allowed to rise, drawing new housing supply into the market," Ries said. "As the quantity of housing rises, the shortage disappears."

"How high would prices have to rise to eliminate the shortage? Not very much in Atlanta, where there are very few geographic boundaries that restrict locations of neighborhoods," Ries said.

## Rising Regulatory Costs

The report identifies four factors behind the housing shortage: rising labor costs, land values, and prices for building materials—and government policy.

"Laws, or land use regulations, account for 24.3 percent of the final



price of a new single-family home," the report stated. "The national average for regulatory costs for an average single-family home went from \$65,224 in 2011 to \$84,671 in 2016—a 29.8 percent increase. The national average price of a new home sold went from \$260,800 to \$348,900 over that span. By comparison, disposable income per capita increased by 14.4 percent from 2011-2016."

## Local Controls

Cities and counties in Georgia exercise home rule, which means they control zoning, land use, and building codes that can raise construction costs for houses and apartment buildings. In north metro Atlanta, for example, 89 percent of residential land is zoned single-family residential, leaving the "missing middle" out of the housing market, the report says. The middle market consists of families and individuals who earn too much to qualify for 'affordable' housing subsidies but not enough to buy a home.

In Atlanta, rental rates are rising faster than wages.

"Between 2011 and 2016 the metro Atlanta region saw a 10% growth in wages and a 48% increase in rents," the report stated.

Rents are rising faster than wages partly due to zoning restrictions and partly due to costly local building regulations, the report says.

"In 2017, the City of Atlanta adopted an ordinance that required every new multi-family development provide electric vehicle charging station equipment for 20% of the parking spaces," the report stated. "Developers claim this requirement will add between \$2,500-\$10,000 per parking space."

Some local authorities are limiting shelter alternatives, such as prefabricated housing, the report states.

"A Georgia town recently banned manufactured homes as a 'permitted use' in several residential zones, segregating them into one special overlay zone in one area of the city," the report stated. "A Georgia county recently required a minimum of five acres for the placement of manufactured home on private property."

## 'Worst Enemy': Regulation

The report recommends local governments remove aesthetic restrictions from their building codes for things like house color, window style, and construction techniques, to help alleviate the housing crisis. In addition, some zoning restrictions are outdated and should be revised, the report says. Local and state officials should also approve building materials certified by the International Codes Council, the report states.

In California, costly new mandates are contributing to homelessness, Ries says.

**"In tight housing markets, the push for 'sustainability' turns out to be unsustainable. Micromanagement of building materials, lot and home size, and insistence on 'smart growth' distorts the market and penalizes families seeking a suitable place to live."**

**CRAIG RUCKER**  
PRESIDENT  
COMMITTEE FOR A CONSTRUCTIVE TOMORROW

"In Los Angeles, the law requiring new solar panels on new homes can be shown to increase housing costs and can be traced directly to tens of thousands of additional homeless," Ries said.

Overregulation is the worst enemy of a competitive housing market, says Craig Rucker, president of the Committee for a Constructive Tomorrow.

"In tight housing markets, the push for 'sustainability' turns out to be unsustainable," Rucker said. "Micromanagement of building materials, lot and home size, and insistence on 'smart growth' distorts the market and penalizes families seeking a suitable place to live. Local officials in Georgia should take note of what has happened in Los Angeles, San Francisco, Portland, Seattle, and New York City, and avoid their mistakes."

*Bonner R. Cohen, Ph.D. (bcohen@nationalcenter.org) is a senior policy analyst with the Committee for a Constructive Tomorrow.*

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# Penn. Legislators Consider Occupational Licensing Reforms

By Lindsey Stroud

Pennsylvania lawmakers are considering changes to the Commonwealth's policies on occupational licensing—which currently forbid ex-offenders from obtaining certain licenses—to prevent boards and commissions from automatically denying licenses based on criminal histories.

The Keystone State joins a growing number of jurisdictions reforming their criminal justice systems to reduce recidivism and make them fairer. Reform of state regulations that erect barriers to employment is an important part of this effort.

## Occupations Highly Regulated

An estimated one in three American adults have a criminal record. In Pennsylvania, approximately 4 to 5 percent of the state's adult residents had a felony conviction as of 2010. Access to steady employment is necessary to reduce recidivism, but Pennsylvania, like many states, has made it exceedingly difficult for ex-felons to reenter the workforce.

One in five professions in Pennsylvania requires an occupational license. In the Commonwealth, “29 professional boards and commissions regulate 255 licensure types,” amounting to more than one million licensees, according to a review ordered by Gov. Tom Wolf. Of these state regulatory bodies, “13 of 29 boards have provisions ... that impose a mandatory 10-year licensure ban for persons who have been convicted of a felony under Pennsylvania's Controlled Substance, Drug, Device and Cosmetic Act,” the review states.

S.B. 637, a bipartisan bill introduced by Sens. John DiSanto (R-Dauphin) and Judy Schwank (D-Berks), would reform Pennsylvania's occupational laws by barring boards and commissions from automatically denying licenses to those with criminal records.

The legislation would also require boards and commissions to adopt consistent, universal standards and would bar the use of “moral character to make determinations of whether to grant or renew, deny, suspend, revoke or otherwise discipline a license, certificate, registration or permit.” In addition, ex-offenders will have licenses withheld only if their criminal “convictions are directly related to said occupation after individualized reviews.”

“On average, each state has 56 occupational licensing and 43 business licensing laws that ban applications from felony convictions,” states a report from the Alliance for a Just Society, commissioned by Wolf. The report



**“Pennsylvania is an outlier in applying an automatic criminal history licensure ban. ... [T]he majority only authorize consideration of criminal history under certain circumstances, such as where the crime was related to the occupation being licensed.”**

ALLIANCE FOR A JUST SOCIETY REPORT

found that, in comparison to other states in the region, “Pennsylvania is an outlier in applying an automatic criminal history licensure ban. ... [T]he majority only authorize consideration of criminal history under certain circumstances, such as where the crime was related to the occupation being licensed.”

## Reform Bandwagon

Like Pennsylvania, many states are enacting reforms to their occupational licensing programs. Delaware and Indiana recently reduced conviction barriers in their occupational licensing laws, and Michigan lawmakers are considering legislation that would “block licensing agencies from denying a license for past criminal offense, so long as it is not directly related to the field of work a license applicant is attempting to enter.”

Blanket bans on the issuance of licenses for those with criminal convictions unnecessarily single out ex-

offenders and make it more difficult for these people to find work, leading to increased rates of recidivism. Scholars have found a direct correlation between occupational licensing burdens and recidivism.

A 2016 Policy Report from the Center for the Study of Economic Liberty at Arizona State University found “between 1997 and 2007 the states with the highest occupational licensing burdens saw an average increase in the three-year, new-crime recidivism rate of over 9%.” States with the lowest regulatory burdens “saw an average decline ... of nearly 2.5%.”

Gainful employment is key in reducing recidivism. The Manhattan Institute notes ex-offenders who quickly found employment upon their release were 20 percent less likely to return to prison. A “5-year follow-up study of released offenders” in Indiana found “post-release employment was an effective buffer for reducing recidivism among ex-offenders.”

## Calls for More Reforms

Although characterizing reducing barriers for ex-offenders as a good start, lawmakers in Pennsylvania should further reform their burdensome occupational licensing laws, the legal-advocacy group Institute for Justice argues. Although “Pennsylvania's licensing laws for lower-income occupations are some of the least burdensome in the nation,” the Commonwealth “frequently licenses occupations that are unlicensed by other states,” including auctioneers, taxidermists, and upholsterers, the organization stated in a 2017 study.

The regulations imposed on certain occupations are unnecessarily burdensome, given the risks they present to the public, the study states. This is notable when examining the educational requirements for barbers and cosmetologists, compared to those for emergency medical professionals.

In Pennsylvania, individuals seeking barber and cosmetology licenses must undergo a “training period of at least one thousand two hundred fifty (1250) hours and not less than nine months” under instruction of a licensed barber and/or cosmetologist, state law says.

Emergency medical personnel require significantly fewer training hours. Emergency medical responders must complete 48 to 52 hours of education; emergency medical technicians (EMT) must complete only 150 to 200 hours; and advanced EMTs must complete 150 to 250 hours of training. Paramedics are required to have at least 1,000 to 1,200 hours of education, or 50 hours fewer than what is required of a barber or cosmetologist.

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# Congress Considers Broader Protections for Corporate Whistleblowers

By Ashley Herzog

The U.S. Congress is considering bipartisan legislation to protect whistleblowers from retaliation when they report wrongdoing to corporate officials.

The Sarbanes-Oxley Act of 2002 and the Dodd-Frank Act of 2008 have provisions intended to prevent businesses from firing or demoting employees who report fraud, insider trading of stock, or other criminal activities to authorities. The U.S. Supreme Court limited the scope of protection under existing law, however, to employees who report wrongdoing directly to the Securities and Exchange Commission (SEC) or the Commodities Futures Trading Commission (CFTC), in its 2018 opinion in *Digital Realty Trust, Inc. v Paul Somers*.

## 'Holding Corporate America Accountable'

The Whistleblower Programs Improvement Act (WPIA) would broaden the scope of the law by extending whistleblower protections to individuals who report wrongdoing internally before or instead of reporting it directly to government agencies.

The WPIA was introduced in the Senate by Finance Committee Chairman Chuck Grassley (R-IA) and Sens. Tammy Baldwin (D-WI), Joni Ernst (R-IA), and Dick Durbin (D-IL) on September 23. Sens. Susan Collins (R-ME) and Margaret Hassan (D-NH) joined as cosponsors on December 3 and 9, respectively. A similar bill, H.R. 2515, was passed by an overwhelming majority of the U.S. House of Representatives on July 9.

"There's no reason why those who want to report wrongdoing internally should face potential retaliation from the exact people they are reporting to," Grassley stated in a September 24 press release. "Internal disclosures can be the fastest and most effective way for a company to remedy problems, prevent fraud and protect investors."

"If we strengthen and empower whistleblowers, we can do a better job of holding corporate America accountable," Baldwin stated.

**"I am very hopeful this latest bill will make it through. Grassley is a strong whistleblower advocate, and he's building a coalition of lawmakers. This new legislation is definitely needed because whistleblowers have been deceived into believing since Sarbanes-Oxley and now Dodd-Frank into believing they have more protections than they do."**

RICHARD BOWEN, PROFESSOR, UNIVERSITY OF DALLAS

## 'There Is Retaliation'

The number of whistleblower tips has "increased dramatically" in recent years, states the SEC's Office of the Whistleblower 2019 Annual Report, published on November 15. In fiscal year 2019, the SEC awarded \$60 million to eight individuals who provided information that led to successful SEC enforcement actions.

Retaliation against whistleblowers is a serious problem, says Richard Bowen, a professor at the University of Dallas and a Citigroup whistleblower who testified against the banking industry after the subprime mortgage crisis of 2010.

"It's a horrible problem, absolutely," Bowen said. "Whistleblowers are widely discriminated against, and there is retaliation. There is no doubt that any potential whistleblower is going to blow up their career. If you report on your own company for violations, there's an unwritten expectation that you'll leave voluntarily. If you don't, you'll most likely be forced out."

## Corporate Hotlines

Large public corporations have established procedures for employees to report perceived wrongdoing, says Dennis McCuiston, a clinical professor of corporate governance at the University of Texas at Dallas and executive director of the Institute for Excellence in Corporate Governance.

"Most public corporate boards that I'm on or know of have done a good job," McCuiston said. "They've established

hotlines for whistleblower complaints."

Such tip lines usually go directly to the chairman of the board of directors' audit committee, says McCuiston, but most of the calls received do not relate to financial irregularities.

"Ninety-nine percent of the complaints on hotlines are related to personnel issues that could or should be handled by human resources departments," McCuiston said.

However, "after the incident is reported, board members are unlikely to know what happens," McCuiston said.

"The fact that whistleblowers are retaliated against rather than applauded is appalling," McCuiston said.

## 'Lip Service' to Ethics

The corporate culture determines whether an employee who reports ethics violations internally will be penalized, Bowen said.

"Some companies accept feedback, and that's how you know if you have an ethical culture," Bowen said. "The companies who do have an ethical culture listen to employees and act on what they're telling them. Many companies are happy to have an opportunity to have a dialogue with an employee. An ethical company will listen, and even agree with the employee and fix it. You don't read about that in the headlines, but that's how an ethical corporation works."

When companies punish whistleblowing, industries lose valuable people, Bowen says.

"Some corporations merely pay lip service to a 'Code of Ethics,'" Bowen said. "But if an employee reports something uncomfortable for the company, they are penalized. And it's very hard to find another job in that industry, because you're viewed as disloyal. The whistleblower becomes a foreign organism."

## Advantages for Corporations

There are some aspects of the WPIA that are positive for corporations, Bowen said.

"Without fear of retaliation, more employees may be willing to approach the problem internally, instead of reporting violations directly to the SEC," Bowen said. "The advantage of this bill for corporations is that employees will go to them first, before the SEC."

As a former whistleblower, Bowen says he "absolutely" approves of the new bill.

"I am very hopeful this latest bill will make it through," Bowen said. "Grassley is a strong whistleblower advocate, and he's building a coalition of lawmakers."

"This new legislation is definitely needed because whistleblowers have been deceived into believing since Sarbanes-Oxley and now Dodd-Frank into believing they have more protections than they do," Bowen said.

Ashley Herzog (aebriestow85@gmail.com) writes from Avon Lake, Ohio.

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# Report Shines Light on Pork-Barrel Spending in Tennessee

By Bonner R. Cohen

Tennessee may not be one of the nation's biggest pork-producing states, but a new report shows the state can hold its own with the best of them when it comes to special interests gobbling up the contents of the public trough—in other words, pork-barrel spending.

For the 14th consecutive year, the Nashville-based Beacon Center of Tennessee has issued its annual “Pork Report,” and the 2019 edition is a bittersweet reminder to taxpayers that their hard-earned money can easily find its way into the pockets of the well-connected and unscrupulous. From corporate welfare and cronyism to out-and-out thievery, the report rolls out no fewer than 25 examples of waste, fraud, and abuse.

Although some of the more outrageous examples are delivered with humor, the report leaves little doubt that misusing the public trust is serious business, says Beacon Vice President for Communications Mark Cunningham.

“Let’s hope the ‘Pork Report’ will show taxpayers how inefficiently their money is being spent,” Cunningham said.

## Shaken, Not Stirred

In designing a new \$2 million visitor center at Reelfoot Lake State Park, paid for by state and federal taxpayers’ money, designers forgot the location, about 100 miles north of Memphis, was close to the infamous New Madrid fault. The fault is widely predicted to bring a catastrophic earthquake in the next 50 years. Crews had to take down the partially built center because it did not meet earthquake standards, wasting \$700,000 in taxpayer money.

“On top of that, a state audit found the Mississippi River Corridor-Tennessee, a nonprofit awarded management of the project, failed to obtain competitive bids,” the Beacon report states. “There was a conflict of interest when a contract was awarded to an architecture firm whose partner served on the nonprofit’s advisory board.”

The Tennessee Arts Commission pocketed more than \$6.5 million in taxpayer funds to increase participation in all areas of the arts, including music, the report says.

“However, with Memphis and Nashville as two of the main cities where everyone from aspiring musicians to incredibly successful artists move to, it begs the question as to why state government continues to fund music



awareness through the Arts Commission,” the report stated.

## Transfers to Billionaires

Cash-strapped Rutherford County, home to the City of Murfreesboro, raised property taxes for all homeowners by nearly 6 percent to help fund “the rising costs of building schools” in June 2019. But just three months later, county leaders decided to give a new Costco store nearly \$1 million in property tax relief, “meaning that everyday taxpaying citizens just getting by are being forced to pay higher property taxes to cover Costco,” the report stated.

Murfreesboro also raised property taxes to cover its losses on dubious spending priorities. Murfreesboro has been losing more than \$150,000 a year on the Richard Siegel Soccer Complex, but instead of cutting its losses and selling the facility to the private sector, the city is doubling down, adding to the complex, and upgrading the lights, all to the tune of \$14.5 million.

“Even with the city’s promise to turn the deficit into a \$115,000-per-year profit—which definitely won’t happen—it would take 127 years to pay off the debt,” the report noted.

## Pork for Pigskins

From Memphis to Chattanooga and every place in between, there continues to be a massive amount of government

waste, fraud, and abuse throughout the state, Cunningham says.

“The cities of Memphis and Nashville continue to ‘lead’ the state when it comes to wasteful spending,” Cunningham said.

Nashville, the state’s capital city, paid the National Football League \$3 million in tax dollars to hold its draft in the city. After the 2018 season, NFL teams shared net revenue of \$8.78 billion.

“Why should Nashville, a city with an ever-growing debt situation, give an organization with that much wealth even more money?” the Beacon Center report asked.

Even though Nashville lost out in its bid for Amazon’s second headquarters, the city was offered a consolation prize: a 5,000-job Amazon operations hub. In exchange, state and local taxpayers handed over \$102 million in incentives to the retail giant.

“That’s enough to buy every Nashville household an Amazon Prime account for three years,” the report stated. “What they’ll get is more traffic and less affordable housing.”

## Bacon-Wrapped Graceland

The Memphis City Council authorized \$75 million in incentives for Graceland, Elvis Presley’s historic mansion.

“This came on the heels of veiled threats by the management company to actually move the mansion brick by



**“All the money that was wasted on these boondoggles could have**

**gone to improving roads and bridges, upgrading underground water infrastructure, or some other useful public purpose.”**

**CRAIG RUCKER  
PRESIDENT  
COMMITTEE FOR A CONSTRUCTIVE  
TOMORROW**

brick from Memphis,” the Beacon Center said. “The council’s only stipulation was that Graceland couldn’t build an auditorium or theater to compete with the city’s other taxpayer-funded arena, FedEx Forum.”

The report pointed out Graceland pocketed \$21 million in taxpayer money in 2015.

## Neglecting Other Needs

It’s easy to laugh at some of these examples of corruption and ineptitude, but exploitation of taxpayers—whether in Tennessee or elsewhere—is serious business, says Craig Rucker, president of the Committee for a Constructive Tomorrow.

“All the money that was wasted on these boondoggles could have gone to improving roads and bridges, upgrading underground water infrastructure, or some other useful public purpose,” Rucker said.

*Bonner R. Cohen, Ph.D. (bcohen@nationalcenter.org) is a senior policy analyst with the Committee for a Constructive Tomorrow.*

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# Occupational Licensing Stifles Massachusetts Economy, Report Finds

By Bonner R. Cohen

Strict occupational licensing requirements hurt Massachusetts' economy, reduce tax revenue, and erect barriers for people seeking to enter the workforce, according to a new report from the Pioneer Institute.

Occupational licensing in the United States has grown steadily since 1950, when 5 percent of the nation's workforce needed a government license to do their jobs. Currently, 25 to 30 percent of workers are required to get state permission to work.

The growth in licensing requirements has been justified by claims that public health and safety are best served when truly qualified workers are on the job, but there is little evidence supporting such claims, says Alex Muresianu, a former Pioneer Institute Akin Fellow in Digital Media, author of the Pioneer Institute report titled "How Occupational License Laws Reduce State and Local Tax Revenues: The Public Finance Case for Occupational License Reform."

Licensing requirements "often serve to increase the incomes of a handful of license holders, while raising consumer

prices and keeping predominantly lower-income people out of the workforce," Muresianu reported.

## Revenue Loser

Some state legislators view licensing fees as an important source of government revenue. Excessive occupational licensing requirements, however, have the opposite effect on revenues in some states, according to the report, released in November.

State-level estimates of the economic costs of occupational licensing laws for three dozen states showed the net effect of licensing laws was a reduction in government revenue in 29 of the 36 states modeled, the report states.

"The negative economic impact of a state's occupational licensing regime shrinks the state's overall business, sales, and personal income tax base, effectively negating the benefits of the licensing fees raised," Muresianu wrote.

## Less Work

Occupational licensing regulations reduce employment by an average of 17 percent to 27 percent in regulated occu-

pations, according to a working paper published by the National Bureau of Economic Research in December 2018. Across the whole economy, employment losses total 1.7 million to 2.85 million jobs, the report states.

Government regulations can throw people into poverty, says Tirzah Duren, a policy analyst with the Pennsylvania-based Commonwealth Foundation.

"Occupational licensing policy needs to balance legitimate public safety concerns with the reality that overregulation limits people's ability to find quality employment, often resulting in government-caused poverty," Duren said.

In addition, occupational licensing requirements exacerbate the student loan crisis, Muresianu says. Seven states, including Massachusetts, have laws that strip occupational licenses from individuals who default on their student loans, making it harder for them to work and pay back their loans.

## Fewer Start-Ups

Entrepreneurship is "a huge source of upper economic mobility," Muresianu writes, and attempts by low-income individuals to start their own businesses can be thwarted by occupational licensing laws. Fewer businesses mean fewer firms competing for workers, strengthening the hand of employers and putting downward pressure on wages, the report states.

Overregulation is a barrier to economic advancement in Massachusetts, says Craig Rucker, president of the Committee for a Constructive Tomorrow.

"Massachusetts is among those states that have rigged the game against people seeking upward mobility," Rucker said. "The Pioneer Institute has performed an invaluable service with this analysis of where occupational licensing on steroids can lead."

## Stringent Bay State Regs

Massachusetts has the 10th-most burdensome occupational licensing laws in the country, according to *License to Work*, published by the Institute for Justice (IJ) in 2017. To obtain an occupational license in the Bay State requires an average of \$309 in fees, 513 days of education and training, and a passing score on at least one qualifying examination, the IJ report states.

The Pioneer Institute study uncovered numerous examples of burdensome licensing requirements in Massachusetts. For example, the state requires heating, ventilation, and air conditioning (HVAC) contractors and general commercial sheet-metal contractors to obtain five years of training

and pay a \$370 fee to receive a license. Thirteen states do not require licenses for commercial HVAC contractors, and 24 states do not require licenses for general commercial sheet-metal contractors, the study notes.

Massachusetts also has some of the most stringent requirements for cosmetologists, requiring 1,000 hours of education to work as a supervised cosmetologist, and an additional two years of experience before receiving a license to practice cosmetology as a sole proprietor. By contrast, emergency medical technicians, whose job has obvious public health implications, are only required under Massachusetts law to have 35 calendar days of education before receiving a license.

## Calls for Swift Reform

Pennsylvania now recognizes licenses issued by other states, reducing the regulatory burden on some workers, Duren says.

"Last summer, Pennsylvania passed a licensing reform law that allows incoming residents to work using an out-of-state license rather than having to start from square one simply because they moved here," Duren said. "This may be a first step, but it's an important one as lawmakers increasingly focus on removing barriers to work while balancing verified health concerns."

As other states enact reforms, Massachusetts becomes less competitive, Rucker says.

"If Massachusetts doesn't change its ways—and quickly—it will continue to lose ambitious workers to other, more forward-looking states," Rucker said.

*Bonner R. Cohen, Ph.D. (bcohen@nationalcenter.org) is a senior policy analyst with the Committee for a Constructive Tomorrow.*



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# U.S. Department of Agriculture Issues Regulations for Growing Hemp

By Ashley Herzog

The U.S. Department of Agriculture (USDA) announced an interim rule that will allow farmers to grow and market hemp.

Hemp is grown worldwide for textiles, bioplastics, rope, and other goods. The United States has imported finished hemp goods for many years. For nearly a century, growing any type of cannabis plant, including hemp, has been highly regulated by the federal government.

"In the 1930s, Congress began to tightly regulate the cultivation of all types of cannabis," said Cameron Sholty, director of government relations at The Heartland Institute, which publishes *Budget & Tax News*. "Then, in 1970, Congress placed all varieties of cannabis on the schedule of controlled substances, or Schedule 1. Schedule 1 drugs are those that the Drug Enforcement Agency has determined have no medical value and a high potential for abuse, like heroin."

Hemp has negligible levels of THC, or tetrahydrocannabinol, the psychoactive chemical in marijuana, Sholty says.

"While marijuana and hemp are both species of cannabis, hemp has no potential for abuse," Sholty said.

## Farm Bill Legalized Hemp

The Agriculture Improvement Act of 2018, passed by Congress and signed



into law by President Donald Trump, effectively legalized hemp and allowed states to move forward with their own regulations, Sholty says.

"Congress was right to finally allow the cultivation and sale of hemp and hemp-derived products," Sholty said. "Its legalization should pave the way for further research into products like CBD [cannabidiol], and hemp is a popular and unique alternative in the textile industry."

The economy in many rural states has been lagging, and legalizing hemp cultivation might help to revive the farming sector, Sholty says.

"Many states have had traditionally robust agricultural economies, which have weathered increasing pressures from changing domestic consumer preferences and foreign producers," Sholty said. "Hemp cultivation is a way to diversify agricultural production and products and can meet increasing consumer demand."

## State Debates Healthy

States should be free to set their own standards regarding hemp production, Sholty says.

"As a general rule of thumb, I support the ability of states to set policies that are in accord with their particular interests and in the interest of their own citizens," Sholty said. "While it may be a cliché, it is nonetheless axiomatic: States should be the laboratories of our democracy."

Attitudes toward regulated marijuana markets differ by state, Sholty says.

"There is a very healthy debate happening right now in the United States on the approach to sound cannabis policy, and I'm heartened to see that the debate is centered on state-based policy

while the federal government's position seems to be devolving regulations to the states," Sholty said.

## States Set Cannabis Policy

The federal liberalization of hemp laws reflects sound policy, Sholty says.

"Many states are crafting policies that are appropriate to their circumstances, incorporating lessons learned in states like California and Colorado, which were two early adopters of marijuana legalization," Sholty said. "So, applying that model to hemp, its regulation and the cultivation policies in place in Michigan may not be a good fit in Montana."

"From a libertarian, right-of-center, free market perspective, of course I want to see fewer regulations and restrictions on the economy," Sholty said. "Hemp and hemp-derived products are no exception."

## Benefits of Uniform Rules

The multiplicity of state rules regarding hemp cultivation has caused problems for interstate commerce in recent years, says Erica Stark, executive director of the National Hemp Association.

"States having different rules and regulations has been challenging over the past five years of pilot programs," Stark said. "However, it is no longer true that states can set their own regulations. States can be more restrictive than the federal guidelines, but not less. It seems unlikely many states will choose to be more restrictive."

The interim rules regarding hemp will benefit farmers in agriculture-heavy states, Stark says.

"We have already seen hemp benefiting farmers and creating jobs in states with robust hemp programs," Stark

**"We would like to see the USDA regulations relaxed, specifically in the area of THC compliance testing, including acceptable variances, the way samples are taken, and removal of the requirement to have tests done by a DEA-certified lab. We are anxiously waiting for reasonable FDA regulations to provide a clear legal pathway and regulatory oversight of CBD products, including smokable flower."**

**ERICA STARK  
EXECUTIVE DIRECTOR  
NATIONAL HEMP ASSOCIATION**

said.

"We expect this trend to continue and grow exponentially, in particular when we see the infrastructure built for fiber processing and manufacturing is able to have a reliable supply chain to start producing consumer goods with hemp," Stark said.

## THC Concern

The USDA interim rule, passed in October, should be modified because it requires expensive monitoring of THC levels in the plants grown, Stark says.

"We would like to see the USDA regulations relaxed, specifically in the area of THC compliance testing, including acceptable variances, the way samples are taken, and removal of the requirement to have tests done by a DEA-certified lab," Stark said.

The USDA rule does not address all the issues involved in hemp products that require Food and Drug Administration approval, Stark says.

"We are anxiously waiting for reasonable FDA regulations to provide a clear legal pathway and regulatory oversight of CBD products, including smokable flower," Stark said.

The USDA interim regulation took effect immediately and will remain in place until a final rule is issued, or through November 1, 2021.

Ashley Herzog ([aebristow85@gmail.com](mailto:aebristow85@gmail.com)) writes from Avon Lake, Ohio.

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# Report: School Safety Crisis Requires Child Safety Accounts

By Natalie Meckel

The United States is experiencing a public-school safety crisis that requires education options for parents, a new report states.

Four out of five government schools report incidents of violence, states a policy brief from the Center for Education Opportunities at The Heartland Institute, which publishes *Budget & Tax News*.

The study by Vicki Alger, a Heartland policy advisor and a senior fellow at the Independent Women's Forum, and Timothy Benson, a Heartland policy analyst, titled "Child Safety Accounts: Protecting Our Children through Parental Freedom," was released on November 26.

"Parents' transfer options are typically limited to other public schools within their resident districts, and these schools often do not have the space to accommodate transfer students," Alger told *Budget & Tax News*.

## Calls for Expanded Options

Alger and Benson recommend a new policy to protect students whose safety

is compromised. A Child Safety Account (CSA) program would empower parents to determine when their child's school is too dangerous and transfer them to a safe school immediately. A type of Education Savings Account (ESA) specifically dedicated to student safety would remove the cost barrier for parents who cannot afford other options, says Alger.

"In addition to tuition, CSA funds could be used to pay for transportation to another school, as well as textbooks, uniforms, testing fees, and special education therapies, among other qualified educational expenses," Alger said.

When a CSA is activated, state funds equal to the annual public school per-pupil expenditure—which averages nearly \$12,000 per year—would be placed in an ESA. Parents would then receive a restricted-use debit card from the state to use for their child's educational expenses.

"For parents that require more funding, states should implement tax-credit scholarship programs that allow individuals and businesses to make charitable donations to nonprofit scholarship organizations," Alger said.

## Immediate Relief Proposed

Parents with a "reasonable apprehension" regarding their children's safety would be eligible to receive a CSA account.

"CSAs let parents transfer their children immediately to the education provider of their choice regardless of where they live, without having to wait years at a time for their current schools to receive a bureaucratic label," Alger said.

CSAs have been proposed in nine states: Arizona, Colorado, Connecticut, Georgia, Kansas, Nevada, Oregon, Virginia, and West Virginia.

U.S. Rep. Jim Banks (R-IN) has proposed federal legislation to establish CSAs in Washington, D.C., where public schools are pervasively dangerous.

## Concern for Government System

The greatest barrier to CSA legislation is concern for the effect of CSAs on enrollment in government schools, Alger says.

"Too many elected officials are led to believe that protecting parents' fundamental freedom to choose the educational provider they think is best

for their children hurts district public schools," Alger said.

Decades of research show school choice doesn't harm government schools, Alger says.

"Competition for students helps students who participate in choice programs as well as students who remain in district public schools," Alger said.

Natalie Meckel ([nmeckel@hillsdale.edu](mailto:nmeckel@hillsdale.edu)) writes from Hillsdale, Michigan.

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## COMMENTARY

# Unaccountable Consumer Financial Protection Bureau Exercises Illegitimate Power

By David S. D'Amato

Established in 2011 as part of a series of laws responding to the financial crisis, the Consumer Financial Protection Bureau (CFPB) will soon be at the center of a Supreme Court battle over the fundamental nature of the Constitution's separation of powers.

Government agencies such as the CFPB exist in a nebulous fourth dimension, outside of and free from ordinary constitutional constraints, empowered to act sometimes like a legislative body, sometimes like a judicial one, and sometimes like an executive enforcement agency.

Concentrated power of this kind is just what the three-branch structure of the Constitution was designed to preclude. Its authors believed government bodies exercising all three of these kinds of power were bound to act tyrannically, lacking any real incentive for self-restraint.

## Usurps President, Congress

The CFPB is unique even among such agencies in that its current structure prevents the president from firing its director except in cases of "inefficiency, neglect of duty, or malfeasance in office." The Constitution, on the other hand, empowers the president to dismiss any officer of the executive branch at any time, for any reason.

The current law not only insulates the CFPB's director from democratic accountability by neutering one of the president's constitutional powers, it establishes a funding stream for the bureau that exists outside of Congress' normal appropriations process.

The CFPB and its proponents have hailed this funding approach as ensuring the CFPB is truly independent of Congress, meaning the bureau somehow exists as a thing apart from both political branches. Like other such agencies, it amounts to a de facto annulment of the Constitution's three-branch system and, in principle, a disavowal of the rule of law. Should this provision of the law that created the bureau be found unconstitutional, the question remains whether the Court can separate it from the rest of the statute—that is, whether the rest of the law, and thus the bureau itself, can be salvaged.



**"A more effective check on the power of financial institutions would be for Americans to develop the sense that it is they, not federal government agencies, who should be independent. But don't hold your breath."**

## Progressive, Not Liberal

Brief and drafted in general (and frequently vague) terms, the Constitution is America's political Rorschach test, apparently able to accommodate the full spectrum of mainstream political positions, with everyone sure her political positions are consistent with the legal requirements set out in its text. Without a philosophical mooring—that is, a principled appreciation of the idea of the separation of powers itself—it is easy enough to square just about any political system with the Constitution. The fight over the CFPB represents a much older one about exactly what kind of government Americans should have.

As political scientist Joseph Postell observes, the Progressive Era was a fundamental rebuke of "the theory of government by consent through elected representatives," regarded "by progressive reformers as undemocratic and outmoded" and as "antithetical to an administrative state that rested on expertise rather than political account-

ability."

It is unfortunately necessary to point out here that this style of administrative government, based on the arbitrary prerogative power of unelected officials, is not at all liberal but is a conscious repudiation of liberalism, which stands for the rule of law as opposed to the rule of experts.

The counterrevolution of Progressivism wanted a new kind of government in which trained, credentialed experts would act as the independent administrators of social and economic relations. Thomas C. Leonard explains: "The state expert does not merely police unfair and inefficient trade practices; the state expert administers trade, in the same way that the business expert—the scientific manager—administers a large business organization, via planning, management, and centralized direction."

## Independent Means Unaccountable

The problem is that, in the government

context, "independent" just means not in any way accountable to the people, not responsive to the democratic process. Predicated on the fundamentally undemocratic idea that experts in government simply know better than either the people or our representatives, progressivism would have an "independent" expert body charged with solving every perceived social ill.

Government bodies should never act independently, at least not in the sense that progressives favor. Such bodies and their actions are legitimate only insofar as they represent the will of the people and are consistent with the rights of free and sovereign individuals.

To the extent that independence means anything in the case of the CFPB, it means a relative handful of bureaucrats, accountable to no one, have the power to make rules—really laws—that all must follow. If the political term for this is "independence," the more straightforward term is "illegitimate exercise of power."

## Government As Service Provider

Anything approximating a good government, if such an idea can be invoked with any seriousness today, would be a mere service provider, offering, like a market actor, a needed service (protection) for a reasonable price. Today's U.S. government has no incentive whatever either to confine itself in such a way or to charge a fair price. It acts only as we should expect it to under the current circumstances—its independence from the will of the people and from the constraints provided by individual rights. The government takes what it wants and does what it wants, quite without thought to that will or those constraints.

A more effective check on the power of financial institutions would be for Americans to develop the sense that it is they, not federal government agencies, who should be independent. But don't hold your breath.

*David S. D'Amato (d.s.damato@gmail.com) is an attorney, adjunct law professor, and member of the Board of Policy Advisors of The Heartland Institute. This column was originally published by Townhall.com and is reprinted with permission.*

# Legal Firearms on College Campuses Don't Increase Violence, Universities Report

By Nolan Ryan

Public universities in several states say violence has not increased on college campuses where concealed carry of firearms is allowed.

The College Fix, a news website, contacted “multiple public universities in states where campus carry is legal,” and none of those responding reported any increase in gun violence since adopting policies allowing campus carry, the site reported on December 6. Seven states currently have laws that require public colleges to allow concealed carry, according to Armed Campuses, a pro-gun control website: Arkansas, Colorado, Georgia, Idaho, Kansas, Texas, and Utah.

Ten states, including California and New York, prohibit carrying of guns on campus by law. Eighteen states allow universities to decide their own policies on guns. The other states allow guns on campus with certain restrictions, such as requiring firearms be kept in locked cars.

Contrary to predictions by anti-gun



activists, legalizing concealed carry on campus does not increase rates of violence at America's universities, says Antonia Okafor, founder of Empowered, a group that advocates arming women, and a spokeswoman for Gun Owners of America.

“They’ve tried to make it seem that if guns were on campus, people would become more violent, but if anything, it’s a positive influence,” Okafor said.

## ‘People Are Vulnerable’

Whether on or off campus, criminals are much less likely to attack in a place where they know other people might have guns and are able to defend them-

selves, Okafor says.

“Criminals go to places where people are defenseless, where people are vulnerable,” Okafor said. “And when there’s concealed carry, they won’t know who has firearms, so they’re less likely to go there.”

Higher education institutions are a major force against Second Amendment rights, says Okafor.

“People in higher education on college campuses control the narrative,” Okafor said. “They tend to be anti-gun, and they have connections at the state level.”

Education officials and lobbyists opposed a change in state law to allow campus carry in Georgia, “the last big state to implement campus carry,” Okafor said.

## Dispute Over Rights

Some proponents of the right to self-defense say the Second Amendment to the U.S. Constitution protects the right to carry firearms without a permit, regardless of whether the firearm is concealed or openly carried.

“In America, we believe that our rights shall not be infringed,” Okafor said. “There are reasons why it’s called ‘constitutional carry.’”

Laws in states that allow campus carry vary. In Texas, for example, campus carry at government-owned colleges is restricted to individuals who hold a permit to carry a concealed handgun, which is issued only to those age 21 or over. The age restriction limits concealed carry to roughly 20 percent of the college-age population, says James Ashby, a shooting range safety officer and concealed carry permit holder in Texas.

“Even if campus carry is allowed, most students don’t qualify,” Ashby said.

Permit-less carry, a term he prefers over “constitutional carry,” recognizes the natural right to self-defense, says Ashby,

“The Second Amendment doesn’t give you a right to carry a firearm, it just

**“Criminals go to places where people are defenseless, where people are vulnerable. And when there’s concealed carry, they won’t know who has firearms, so they’re less likely to go there.”**

**ANTONIA OKAFOR**  
FOUNDER, EMPOWERED

enumerates a God-given right,” Ashby said.

## ‘Way to Defend Myself’

Okafor says one reason she became a gun rights activist was to protect her right to bear arms as a means of self-defense. Sexual assault is a problem on campus, says Okafor, and women should be allowed the tools to defend themselves in dangerous situations.

“I, as a woman, want a way to defend myself and not have to rely on campus security or campus police,” Okafor said. “I wanted to empower other women.”

The right to bear arms is good for women, Okafor says.

“Gun rights are women’s rights,” Okafor said. “The idea that being anti-gun is somehow the feminist perspective is false. History shows that women who were independent in the West tended to be pro-gun. It was a way for them to be independent.”

Okafor and others are lobbying to legalize concealed campus carry in Florida. Florida state Rep. Anthony Sabatini (R-Clermont) introduced H.B. 6001, which “Removes provision prohibiting concealed carry licensees from openly carrying handgun or carrying concealed weapon or firearm into college or university facility.”

Sabatini’s bill was referred to the Criminal Justice Subcommittee of the Florida House Judiciary Committee in September.

Nolan Ryan ([nryan1@hillsdale.edu](mailto:nryan1@hillsdale.edu)) writes from Hillsdale, Michigan.

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## Official Connections:

Florida state Rep. Anthony Sabatini (R-Clermont): <https://www.myfloridahouse.gov/Sections/Representatives/contactmember.aspx?MemberId=4725&SessionId=89>

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## COMMENTARY

# Judges Order Government Spending Without Representation in Illinois

By Edward N. Tiesenga, Carl A. Miller, and Sophia Pethokoukis

Anyone who has read the news within the past two decades knows Illinois is broken, and the state budget is no exception.

However, the news media and their investigative apparatuses have overlooked a fundamental facet of institutional decay in the Illinois General Assembly. Despite Illinois' Constitution vesting the entire appropriations power in the General Assembly, an undercurrent of judge-ordered spending has been flowing beneath the surface of the state's budget.

This means that, contrary to the

design of the state constitution, parts of the taxing and spending powers of the legislature have been placed in different hands. Splitting responsibility for these powers is a recipe for disaster because it undermines government accountability. The government is truly the servant of the people only when the electoral process empowers taxpayers to hold their representatives accountable.

## Judges' Power Grab

Our research revealed Illinois legislators have acquiesced to a power grab by the federal and state judiciary. In lawsuits against the state and its officials, judges have ordered the government—or approved settlement agreements reached by plaintiffs and defendants in the form of consent decrees—to spend taxpayers' funds not appropriated, or in ways not approved, by the legislature.

What is the extent of this judicial spending? Nobody knows. Legislators have contented themselves with legalizing marijuana, loosening the bounds of gambling, and even outlawing elephants in circuses, while the plume of spending ordered by judges sitting in distant chambers flows on past the General Assembly.

Throughout the course of several months, we pursued a two-pronged strategy to find out about these court orders so we could measure the scope of this underground spending plume. We contacted local legislators on a bipartisan basis, and we submitted a series of specific, targeted Freedom of Information Act (FOIA) requests to key state agencies: the Comptroller's Office, the Treasurer's Office, the Department of Revenue, the Attorney General, and the Governor's Office of Management and Budget.

To uncover the judge-legislated spending, we sought a list of the court orders and consent decrees, the dollar amount of compulsory spend-

ing pursuant to each individual order, and the aggregate amount of compelled spending.

## Passing the Buck

Based on the information we received, court-compelled spending made up 18 percent, or more than \$12 billion, of fiscal year 2017 appropriations reported by the state Office of Management and Budget. The true amount could be much higher.

Though our FOIA requests and legislative inquiries produced a few substantive responses and afforded clues to some of the court orders, no one in Springfield seems to know the full extent of the legislative ceding of power. Not the Comptroller's Office, which is responsible for paying the state's bills. Not the Attorney General, who represents the state in some of the very lawsuits in question. The legislature's own research agency, the Commission on Government Forecasting and Accountability, stated no list of the court orders even exists.

Although it is likely the amount of court-compelled spending decreased after the General Assembly approved increased spending to resolve the 2015-2017 budget impasse, none of the officials in the state's government apparatus have been able or willing to tell us the current extent of judicially mandated expenditures.

The FOIA responses revealed the highest levels of Illinois government have no real response to offer other than reflexive finger-pointing at someone else who must know what's going on but doesn't. The accompanying graphic depicts the vectors of finger-pointing, illustrating how each directed us on a self-chasing tail of referrals that fed back upon itself.

## Complex by Design?

The black box of the Illinois budget is virtually impossible to crack open due to its complexity. Perhaps such opacity is the product of design. Even the most charitable and least cynical assessment leads to the conclusion that the elected representatives of the State of Illinois have unwittingly abdicated—or at the very least not asserted—their constitutional duty to steward citizens' resources.

Our legislators just look at other

**"As citizens, we must call on our representatives to do their job by getting to the bottom of this important issue. You can contact your representatives and ask them to do just that."**

things and, like fish who spend their entire lives in a sunless cave, their sight has disappeared and their eyes have withered away. But legislative oversight of spending is a nondelegable power. This institutional atrophy drains power from the people. Governmental transparency is necessary for accountable representation.

This path of budget research—the study of judges' legislation of spending from the bench—has heretofore been largely untrodden. Continued investigation will be necessary to uncover the full truth about the Illinois budget—and potentially the budgets of many other states.

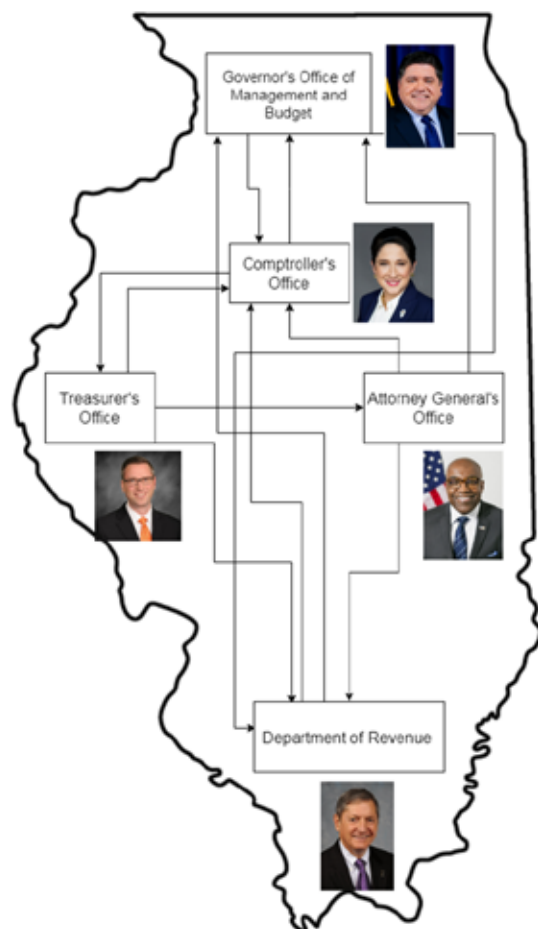
## Restoring Spending Oversight

If "taxation without representation" started a revolution 250 years ago, where will "spending without representation" lead us today? Should the people's representatives be required to exercise legislative oversight of spending, or will they stay comfortable in their blindness, letting judges rule in their stead?

We the People are responsible for reclaiming this power by demanding action of our legislators. Each of the 177 members of the Illinois General Assembly has access to a special, taxpayer-funded research agency: the Commission on Government Forecasting and Accountability. Any legislator has the authority to request that this body definitively document the extent of the judge-ordered spending.

As citizens, we must call on our representatives to do their job by getting to the bottom of this important issue. You can contact your representatives and ask them to do just that.

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**Illustration of Illinois Spending Inquiry Runaround**

Clockwise from the top: Gov. J. B. Pritzker, Comptroller Susanna Mendoza, Attorney General Kwame Raoul, Department of Revenue Director David Harris, Treasurer Michael Frerichs

# Partners in Freedom



Editor's note: Each month, *Budget & Tax News* profiles national and state-based public policy organizations working to advance freedom. The Heartland Institute, which publishes *Budget & Tax News*, is a national research and educational policy organization focused on free-market solutions in all 50 states. Because worthy goals are never achieved single-handedly, we devote this space to share the good work of our allies in this effort.

## Empire Center: Working Toward A Better New York

By Caitlin Gilligan

The Empire Center for Public Policy is an independent, nonprofit research organization that has been holding New York State government accountable and developing practical policy solutions since 2005.

"We pride ourselves on developing policies that make people's lives better," said Tim Hoefer, the Empire Center's executive director. "Our work takes a critical look at the current system and finds ways to make it better."

New York has earned its reputation as a high-tax state, but a major policy win by the Empire Center is helping change that.

### Capping Property Taxes

After years of urging by the Empire Center, New York adopted a cap on the growth of property taxes, which cut the rate of increase by about two-thirds. In the eight years since the cap was implemented, homeowners and businesses have saved tens of billions of dollars.

Although the cap was initially temporary, in 2019 the tax cap was made permanent, thanks to the Center's persistent defense.

For years, conventional political wisdom in Albany assumed such a reform could never be enacted in New York, but the Empire Center proved the naysayers wrong.

### Committed to Transparency

SeeThroughNY.net, the Empire Center's transparency website, has payroll records for every state and local government employee going back more than a decade, and the state's most comprehensive databases of labor contracts, pork-barrel grants, and public-sector pensions.

"Maintaining a public space where information about public employees' salaries and pensions, property taxes,

and contracts is readily available is crucial to taxpayers understanding how their money is being spent and ultimately deciding to change that if they don't like it," Hoefer said.

The Empire Center has shown public policy can be improved by simply sharing information with the public. In 2019, the Center's study of payroll at the Metropolitan Transportation Authority (MTA) found a 16 percent jump in overtime payments totaling more than \$400 million. This revelation, and the resulting public outcry, sparked an internal investigation, a federal probe, and ultimately cost-saving changes to MTA operations.

### Watchdog Action

Since launching SeeThroughNY in 2008, the Center has filed countless lawsuits to force public entities to turn over data. It took four years, and a trip to the state's top court, to get the list of teacher pensions. For 10 years, the Center has been locked in a court battle to obtain the list of people getting payments from New York City's Police Pension Fund.

The Center also sounded the alarm when Gov. Andrew Cuomo let New York's Medicaid program spend \$1.7 billion more than lawmakers had authorized.

This investigation later revealed the Cuomo administration's mismanagement of Medicaid had led to a \$6 billion budget gap.

The Empire Center's dedication to holding government accountable and working toward better policy solutions has never been more important for New York's future.

Caitlin Gilligan ([caitling@empire-center.org](mailto:caitling@empire-center.org)) is communications manager at the Empire Center for Public Policy.

## Taxpayer Protection Pledge Works, Thanks to Americans for Tax Reform

By Chris Butler

Americans for Tax Reform (ATR) was founded by Grover Norquist, its president, in 1985 at the request of President Ronald Reagan as the grassroots-organizing effort supporting the Reagan agenda. The organization's name comes from what became the historic Tax Reform Act of 1986.

ATR is known for the Taxpayer Protection Pledge, policy advocacy at the state and federal levels, and its wide-ranging coalition-building efforts.

### Politicians Promise

The Taxpayer Protection Pledge was originally designed to answer a concern the 1986 tax reform legislation could become a tax hike despite Reagan's insistence it be at worst revenue-neutral. Norquist's answer was to ask all members of Congress to sign a public, written commitment to "oppose and vote against" any net tax hike. One hundred congressmen and 20 senators signed the pledge. The 1986 tax reform package—a net \$60 billion cut—fulfilled that promise, and the pledge was widely viewed as key to its success.

President George H.W. Bush's loss after he broke the pledge in 1990 proved it had teeth. His "deal" with Congress raised taxes and promised to reduce spending by two dollars for every dollar of tax increase. As ATR warned, the tax hikes were real but spending increased even faster.

Since then, opposing tax hikes has been both good policy and good politics, especially beginning with the election of 1994, when most Republicans signed the pledge.

The pledge held during the budget fights of 2011 to 2013 when President Barack Obama tried in vain to entice pledge signers to abandon their commitment. Strong defense during those fights set the stage for the Tax Cuts

and Jobs Act of 2017. ATR continues to highlight the success of that reform in delivering historic levels of growth and employment.

### Tax-Increasing Obamacare

The tax issue has placed ATR at the center of other debates. Government's increasing entanglement in health care has meant health care policy is largely tax policy. Norquist famously referred to Obamacare as a "tax increase with a stethoscope stapled to it."

Similarly, ATR has focused on the costs to taxpayers of regulations, particularly in sectors such as energy, tech, and telecom. The organization has also promoted personal-liberty issues such as criminal justice reform.

### Building Coalitions

ATR is widely known for coalition-building in the center-right community. Since 1993, ATR has organized the weekly "Wednesday Meeting" of center-right activists, legislators, key staff, the business community, and conservative leaders in Washington, D.C. In this 90-minute meeting, 30 participants present for just three minutes each about what they and their organizations are doing. From this jumping-off point, informal alliances form.

The meeting has grown to 150 weekly participants, and the model proved so successful that today there are 50 similar meetings in 45 states and in 28 countries around the world.

ATR continues to grow and advocate for all taxpayers at the federal and state levels, consciously developing alliances across the center-right community and throughout the "leave us alone" coalition.

Chris Butler ([cbutler@atr.org](mailto:cbutler@atr.org)) is executive director of Americans for Tax Reform.



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