

Impact

Fall/Winter 2016

A Pacific Research Institute Publication



**PRI Exposes the
True Costs of EPA's
Carbon Regulations**



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Some of our most committed supporters have chosen to include PRI in their estate plans, ensuring their legacy will promote freedom, opportunity, and prosperity for years to come. Including PRI in your estate plans provides you and your loved ones with several tax advantages and an assurance that your assets will go to an organization you know and trust. But more important, by making a planned gift to PRI, you are leaving a legacy to protect and renew freedom for generations to come. There are many opportunities to contribute to PRI's mission. Here are some ways of supporting our work:

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- Including PRI in your will or trust

For more information, visit www.pacificresearch.org or call 415-955-6111

DEAR FRIENDS,

October 1st marked my 25th anniversary as president and CEO of the Pacific Research Institute. I can't help but be proud of all that we have accomplished with your support in the areas of health care reform, education policy, tax and fiscal issues, and energy and environmental policy. With 25 years behind me, I know there's still more than a quarter of a century of work left to do. Those who seek to expand government, restrict markets, and curtail our liberty simply never stop. At PRI, we're going to keep fighting against those forces. Our mission to champion freedom, opportunity, and personal responsibility for all individuals by advancing free-market solutions has not—and will not—change. Fighting for these principles is why I left Canada and came to PRI in October 1991. And it's what has kept me here. My belief in market-based solutions to economic problems is the cornerstone of PRI's work. I have tremendous faith in the entrepreneurial spirit of the American people.



This edition of *IMPACT* includes a special feature (page 4) on our new study *The Clean Power Plan's Economic Impact* by PRI Senior Fellow Dr. Wayne Winegarden – released on November 1st. This important study confirms that big federal government programs like the Environmental Protection Agency's Clean Power Plan (CPP) actually hurt low-income communities rather than help them. Dr. Winegarden found that low-income communities nationwide could face higher electricity expenditures under the CPP – in many states, equal to greater than 10 percent of their income. While well-intentioned, PRI's research makes it clear that the CPP will add to the burdens of working families and perpetuate the cycle of poverty for many Americans. I hope you will visit our website, www.pacificresearch.org, to view interactive maps of how the regulations could impact your local community.

At PRI, we've long been a champion for charter schools as all the evidence points to their success in providing students—particularly minority students and those from lower socio-economic backgrounds—with greater opportunities to succeed. And so when the Black Lives Matter movement came out against charter schools, **Koret Senior Fellow and Director of PRI's Center for Education Lance Izumi** took to the pages of the *Philadelphia Inquirer* to set the record straight. Izumi's careful, reasoned analysis of the issue is the perfect antidote to the hysteria, hypocrisy, and manipulation that is all too common on the left. In his op-ed "**Black Lives Matter vs. Charter Schools**" (page 15), Izumi demonstrates that charter schools help black children and other minority students succeed. Indeed, the benefits are almost incalculable. Lance's op-ed was re-printed in *Newsday* and cited in various publications.

Regardless of the outcome of this year's presidential election, PRI will continue to be a voice for sound policies that defend liberty, promote opportunity, and restrain government excess. I hope you'll continue to be a part of our work with your ongoing support. Thank you for your investment in our work.

Sincerely,

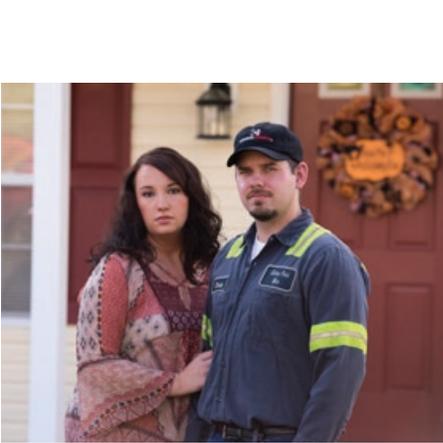
A handwritten signature in cursive script that reads "Sally".

Sally Pipes

President, CEO, and Thomas W. Smith Fellow in Health Care Policy



Exposing the True Costs from the War on Fossil Fuels



From an early age, Chris Rose wanted to be in the coal mining industry.

The 26-year-old West Virginia native grew up in the heart of the state's coal country and comes from a family of coal miners going back generations. He was even recruited as a student for an internship with the same coal mining company that had employed his father and grandfather for decades.

"The coal industry is not just a job to me, it is a career," Rose told PRI in a recent interview. "A coal miner gets a great sense of pride knowing that they help provide affordable electricity to Americans. Coal mining is a family tradition, and I am proud to carry on that tradition as a fourth-generation coal miner."

Rose, who lives with his wife, Amber, in the Morgantown area in North-Central West Virginia, has risen through the ranks to become a maintenance supervisor at a nearby mine. Despite having a good job, Rose worries about having to move out of West Virginia and find another line of work if federal regulations on coal-fired plants force his employer to make changes to its workforce.

"I am definitely concerned about these regulations destroying more jobs – including my job and the jobs of family members," Rose said. "Several coal-fired power

plants have already been retired. If the Environmental Protection Agency (EPA) imposes stricter regulations, who knows how many more coal-fired power plants would be forced to close."

The United States lost 191,000 jobs in the mining industry between September 2014 and April 2016. West Virginia's coal industry lost 1,861 jobs, a 21-percent decline, between August 2015 and 2016 – the state's worst industrial job loss since the end of the Great Recession. Coal mining now ranks third in the state for industrial jobs, falling from its spot as the state's largest industrial employer within the past year, according to a report by *Manufacturers' News*.

"West Virginia's largest economical driving factor is the coal industry," Rose explained. "As coal jobs are being destroyed by regulations from the Obama administration and the Environmental Protection Agency, other businesses are forced to close their doors. As unemployment and poverty rates spiral out of control in West Virginia, revenue that is normally paid to the state from jobs declines."

In addition to worrying about about the possibility of losing their income due to volatility in the coal industry, Chris and his wife are also concerned about potentially having to pay higher prices for electricity as a result of

misguided energy regulations. They are not alone: a 2011 government survey found that 52 percent of respondents had a more difficult time paying their energy bills compared to the previous year. The number of U.S. households receiving energy assistance from the federal government remained 40 percent higher in 2014, compared to the average number of households requiring assistance before the great recession. To make matters worse, the federal government's latest regulatory push stands to drive up energy costs for millions of Americans.

Last August, President Obama announced his intention to implement the EPA's **Clean Power Plan** (CPP). The CPP furthers the Obama Administration's goal of federally mandating reductions in greenhouse gas (GHG) emissions from power plants, particularly carbon dioxide (CO₂) emissions. West Virginia, along with more than two dozen other states, have sued the Obama Administration, claiming that by promulgating these regulations, the EPA has exceeded the authority granted to it by the U.S. Congress. Due to the lawsuit, the U.S. Supreme Court has stayed the CPP regulations while the merits of this court case are being adjudicated.

The pause in the CPP's implementation creates an opportunity to reconsider the significant economic costs that

are associated with regulations that mandate reductions in CO₂ and other GHGs. The EPA insists that the CPP will have a limited economic impact; however, several studies have illustrated that the agency's estimates are flawed and that the EPA significantly underestimates the economic costs from the proposal. This reasoning is also consistent with previous studies that have examined the consequences from mandated reductions in CO₂ and other GHGs.

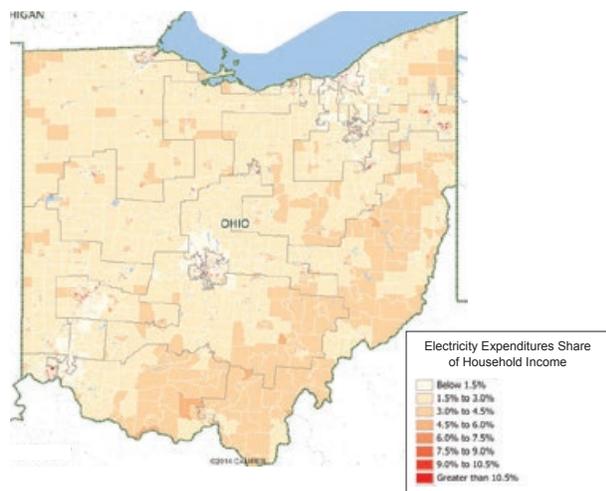
In 2014, the Pacific Research Institute analyzed the impact from a proposed carbon tax on energy prices in Ohio, with a focus on the costs from such proposals on lower-income and minority residents. The study, *The Regressive Impact on Ohio's Lower-Income and African-American Families from EPA's Proposed Regulations on Carbon Dioxide Emissions*, illustrated that middle- and lower-income residents of Ohio bear a disproportionately large portion of the costs from anti-fossil fuel policies, as shown in Maps 1 and 2.

PRI recently released *The Clean Power Plan's Economic Impact*, a major study that assesses the regressive impact from the CPP regulations on the middle class and lower-income families by geographic area. The project, led by PRI Senior Fellow Dr. Wayne Winegarden, leverages

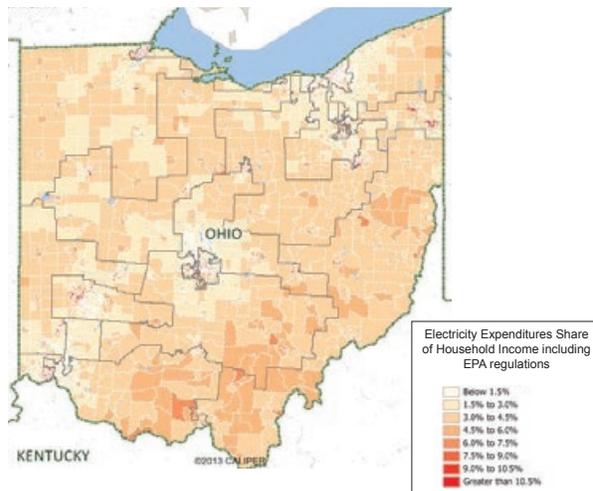
MAP 1 & 2

Current and Estimated Burden from Proposed EPA Regulations as a Share of Average Household Income by Neighborhood and Congressional Districts – All Ohio Households

Current (A)



Including Proposed EPA Regulations (B)



“ The EPA insists that the CPP will have a limited economic impact; however, several studies have illustrated that the agency’s estimates are flawed and that the EPA significantly underestimates the economic costs from the proposal. ”

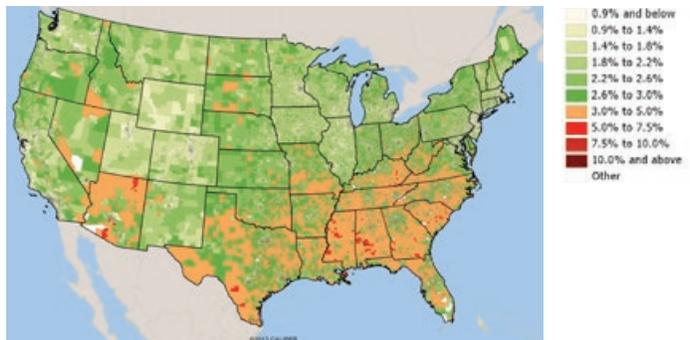
published research to assess the estimated increased regressive impact on these groups from the EPA’s energy policies with an emphasis on the price of electricity. In addition to releasing the study, PRI has published an interactive website with maps of each state that clearly illustrate the economic consequences of these policies. (You can view the full study and interactive maps at pacificresearch.org.)

Dr. Winegarden’s research found that implementation of the CPP will reduce overall U.S. economic growth, increase average electricity expenditures, and worsen the problem of energy affordability for many U.S. households. Under the CPP, the average household in each state will be devoting a larger percentage of its income toward electricity expenditures than without the CPP based on a static analysis. The Southeast will be facing an even larger relative burden compared to the rest of the nation, as is apparent when comparing Maps 3 and 4.

Residents of West Virginia, like the Rose family, will likely bear a disproportionately large burden from policies that punish fossil fuels. First, West Virginia’s electricity generation depends upon coal. According to the Energy Information Administration, coal provided 94 percent of West Virginia electricity generation as of 2015. Second, according to the Bureau of Economic Analysis, manufacturing (a high energy use in-

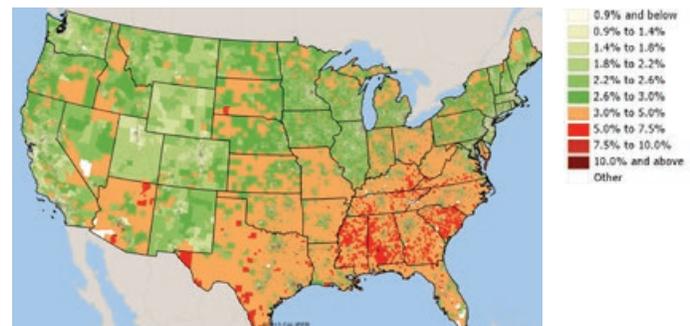
MAP 3

Current Average Annual Electricity Expenditures Relative to Median Household Income Continental U.S. By U.S. Census Tract



MAP 4

Average Annual Electricity Expenditures Relative to Median Household Income Static Impact Scenario — Continental U.S. By U.S. Census Tract



dustry) output accounts for nearly 10 percent of total state output. Higher energy costs will impact lower-income families in West Virginia by imposing a higher energy bill and will have a particularly large impact on economic growth in the state.

In West Virginia, the average annual expenditures on electricity in 2014 were \$1,294, or 3.27 percent of the median household income of \$39,552. The cost burden ranges from a low of 1.33 percent in parts of Kanawha County, to a high of 10.92 percent in low-income parts of Cabell County. If the EPA’s regulations mandating reductions in greenhouse gas (GHG) emissions is implemented, and consumers do not change their behavior, the cost burdens will increase to an average of \$1,680 or 4.25 percent of 2014 median household income. In the high-income parts of Kanawha County, the burden increases to 1.72 percent, while in the low-income parts of Cabell County the burden increases to 14.17 percent, according to Dr. Winegarden’s research.

The states most vulnerable to the CPP include South Carolina (where the state’s poorest families could

soon be spending more than 30 percent of their income on electricity), Alabama (where families in Mobile could soon be spending 15 percent of their income on electricity), Georgia (where the state’s most vulnerable families could soon be paying more than half of their income for electricity), and Mississippi (where families could soon be paying more than \$2,000 annually for electricity).

Different states have different vulnerabilities. In North Carolina, for example, the median household income (averaged over 2012 and 2013) was \$41,683, according to the U.S. Census. This is 20 percent below the national median household income of \$51,849. Furthermore, manufacturing output (a high energy use industry) accounts for 20.5 percent of total state output, compared to 12.2 percent for the U.S. overall. Therefore, policies that raise energy costs will have a particularly large impact on families in North Carolina because North Carolinians are less able to afford the higher energy prices and stand a higher chance of losing their jobs should higher energy costs provide a further incentive for manufacturers to leave the state.

STATES WHERE THE NEW REGULATIONS WILL HAVE THE GREATEST IMPACT

State	Average Annual Exp. % Median Household Income	Static Exp. % Median Household Income	Average Annual Expenditures	New Expenditures: Static	Change in Expenditures: Static
South Carolina	3.95%	4.89%	\$1,774	\$2,195	\$421
Alabama	4.13%	5.11%	\$1,745	\$2,159	\$414
Mississippi	4.78%	5.85%	\$1,697	\$2,079	\$382
Maryland	2.11%	2.72%	\$1,607	\$2,073	\$466
Tennessee	3.64%	4.64%	\$1,593	\$2,028	\$435
Virginia	2.36%	3.02%	\$1,561	\$1,998	\$437
Georgia	3.25%	3.98%	\$1,610	\$1,973	\$362
Texas	3.06%	3.65%	\$1,650	\$1,965	\$315
Ohio	2.91%	3.82%	\$1,445	\$1,895	\$451
North Carolina	3.23%	4.00%	\$1,513	\$1,871	\$359

Note: The data above assumes that consumers will not change their energy consumption behavior after the Clean Power Plan is implemented.

PRI's research addresses the specific economic challenges facing each state in illustrating the economic harm that can be caused by policies that increase the costs of electricity generated from fossil fuels. Together, the state-specific and national data confirms the following troubling trends:

- The current burden from electricity expenditures is higher for households in low-income neighborhoods compared to households in wealthier neighborhoods—even without the Clean Power Plan.
- Energy poverty will increase under the Clean Power Plan. The hardest-hit communities will see average annual electricity expenditures rise to 10 percent of their income, or even higher.
- States with larger populations of low-income residents will bear higher electricity burdens than states with a wealthier population.
- The Southeast will be the region most negatively-impacted by the Clean Power Plan. In South Carolina, families could see average annual electricity expenditures of \$2,195, while Georgia families could see costs of \$1,973 and Virginia families could see costs of \$1,998.
- Young people under 25 and seniors over 65 will also bear the brunt of the higher electricity prices that will surely come from the Clean Power Plan.

The regressive impacts from these policies are worsened in the current economic environment because incomes for low-income and middle-income Americans have stagnated during the current sub-optimal economic recovery. While increasing families' energy costs are always problematic, increasing energy costs, when coupled with stagnating incomes, creates an even greater budgetary squeeze for these families, amplifying the negative economic consequences from the Administration's policies.

Chris Rose believes the federal government's regulatory push is a "tremendous overreach" and that market forces, not the government, do the best job of picking winners and losers in the energy industry. He worries about rising electricity costs and the impact they will have on his fellow West Virginians.

"It is not the federal government's job to pick which energy the country uses," Rose said. "There are a lot of hard working families in West Virginia that struggle to pay their bills and put food on the table. The Clean Power Plan is going to make the task of 'making ends meet' nearly impossible for a good majority of families in West Virginia."

PRI's research highlights a contradiction between the current Administration's rhetoric (e.g. the government is implementing policies that help the poor and middle class) and the actual economic consequences from its regulatory ambitions (e.g. the Administration's energy policies are harming the poor and the middle class). While the severe income squeeze that the middle class and lower-income groups have been enduring has been publicized, the connection between the nation's energy policies and its impact on the middle class and lower-income groups has not received enough analysis.

By highlighting this connection and clearly showing how federal energy policies hurt lower-income and middle class families, PRI aims to contribute an important argument to the policy debate and help protect families like the Roses from experiencing economic pain due to misguided policies.

For now, Rose and his wife plan to stay in West Virginia. Although he has considered pursuing a career as a mechanical or electrical engineer, Rose said he hopes that he can remain in the coal industry and that politicians and state officials will be successful in their efforts to oppose federal energy regulations that threaten economic growth and individual liberty.

"I would like these politicians to travel into coal country and see the devastation that their policies have created. Politicians need to see firsthand that their policies are simply not working, and are destroying millions of lives."

PRI's study, The Economic Impact of the EPA's Clean Power Plan for the Continental U.S. by Income Group and Local Area was released in October 2016. The study and interactive maps are available on www.pacificresearch.org.

IN FOCUS

New Asset Forfeiture Law Will Protect Property of Innocent Californians KERRY JACKSON

In 2014, the owner of a janitorial company who paid her employees in cash was pulled over by Los Angeles County sheriff's deputies on Interstate 5. Officers found \$18,000 in her car. She presented paperwork showing the cash was from her business, but she was told they didn't believe her. Based on their suspicions, they seized her cash and car. She was never charged with a crime.

The practice of civil asset forfeiture allows law enforcement authorities to seize private property without charging the owner with any crime. They take cars, homes and money. All there has to be is suspicion of wrongdoing. This invites a world of abuse and has left many innocent Americans unjustly harassed, their due-process rights ignored and property rights trampled upon.

In 2014, authorities nationwide seized \$4.5 billion through civil asset forfeiture. That exceeded the total – \$3.9 billion – stolen in burglaries that year. The practice grew, according to Armstrong Economics, almost 20 percent a year from 1989 to 2010, including a sharp increase of more than 50 percent from 2009 to 2010. It has become a popular way for law enforcement departments to increase their budgets.

The Institute for Justice, a public-interest law firm, calls this “policing for profit.” It's also been called “stop and seize.” Some seizures are justifiable. Authorities should have the power to confiscate ill-gotten gains from convicted criminals. But government agents should not be allowed to take one's property absent a crime. Our criminal

Our criminal justice system is based upon a presumption of innocence. Government officials must never ignore people's rights in the pursuit of money.

justice system is based upon a presumption of innocence. Government officials must never ignore people's rights in the pursuit of money.

One study found that 80 percent of asset seizures occur without criminal charges filed. If that's a fact, it should be common for innocent victims to have their property returned, as the owner of the janitorial company did. But it took two years and legal fees—and she is one of the fortunate few. Once property has been seized, it's usually gone forever.

Advocates paint a picture of law enforcement raids seizing drug lords' mansions, yachts and planes. But in California, the average value of a seizure was \$5,145 in 2013, according to reports from the Drug Policy Alliance – a hefty sum for a middle-class worker or a small business owner.

Policymakers have recognized the problem and are making an effort to correct it. Gov. Jerry Brown recently signed a bill to reform the state's asset seizure laws. It prohibits law enforcement from seizing assets of less than \$40,000 without a criminal conviction. Republican Assemblyman David Hadley, one of Senate Bill 443's authors, says it will also “end the practice of agencies using federal jurisdiction ... to seize the assets of those holding less than \$40,000 in cash and retain those assets without a conviction.”

Law enforcement lobbyists argue the new law will cut into departments' revenue, as they rely on seized assets to balance their budgets. But state Sen. Holly Mitchell, D-Los Angeles, who wrote the law with Hadley, told the lobbyists that departments “shouldn't be budgeting with money that wasn't theirs, and when we had to cut the budgets for K-12, we didn't start seizing kids' lunch money.”

She's right. The money isn't theirs. And it's not profit, either. It's stolen.

Kerry Jackson is a fellow under PRI's Center for California Reform.

California

In California Pension Casino, Taxpayers Going Bust

DR. ARTHUR B. LAFFER

California has a state pension problem that defies partisan politics. It's not about Hillary vs. Donald, it's about math. Past pension promises may exceed the potential for pension asset growth. We want a better education system and excellent public services. Unfortunately, that's not today's California.

Total government spending is 20.8% of gross state product -- the 15th highest in the nation. However, the state has fewer teachers (224) per 10,000 population than the national average. Our teachers are the nation's highest paid, while California's combined taxation is also the nation's highest. Yet, student test scores are the nation's fourth lowest. Screaming won't help solve this problem.

In California's pension system (CalPERS), employee and employer contributions and investment returns are supposed to pay for pensions. Otherwise, the state general tax fund covers the difference.

This shortfall is growing worse. CalPERS recently announced an annual investment return of 0.61%, far short of the 7.5%-rate needed to meet obligations. Every year CalPERS misses that target, the state falls further behind. So even if the state were to make future-hire reforms, or lay off every single CalPERS-covered employee, the unfunded liability would still exist. With a roughly \$139 billion pension shortfall, every household owes around \$11,000 for public pensions.

This understates how much taxpayers really owe. That \$139 billion figure assumes a 7.5% annual gain. CalPERS has now failed to meet that benchmark over the last three-, five-, 10-, and 20-year periods. The pension fund's ratio

Without reform, California will need massive tax increases, deep service cuts, default on pension benefits, or an ugly combination of all the above to meet its obligations.

of assets to liabilities, i.e. the funded ratio, decreased from 86.5% in 2003 to 72.2% in 2013, according to Pew Charitable Trusts.

Persistent lower returns push unfunded liabilities higher, close to the \$500 billion estimated in some studies. This would put every household on the hook for an additional tax of \$40,000 to pay for people who are no longer working. As my old boss Ronald Reagan said, there are no easy answers but there are simple answers. California must end "defined benefit" plans that guarantee a certain payout to retirees, regardless of the economy or stock market. Not just reform, but abolish.

This would set up an extraordinary battle with powerful public employee unions. Reform will never happen in the Legislature, whose politics closely align with unions. Like the groundbreaking Proposition 13, this taxpayer savior needs to come from the people.

Defined benefit plans, which we have provided our state employees, have

essentially disappeared from the private sector. They should be replaced by more transparent "defined contribution" plans, like 401(k)s, which are fully funded, do not depend on wishful projections or actuaries for their soundness, and leave no opportunity for unfunded liabilities that are backstopped by taxpayers.

It's a myth that public employees trade lower pay for pensions. Exploding salaries are driving pension costs upward.

In 2014, Texas prison guards earned an average of \$38,775; in California, \$83,877. For police, Texas averaged \$60,573; California \$96,131. California employees came off as a Gilded Age aristocracy compared with their public service peers.

The California pension "\$100,000 Club," where public employees' pensions reach six figures, has skyrocketed. In 2005, 1,841 California public employee retirees had \$100,000-plus pensions. By 2014, there were 19,728.

Homeowners losing their homes to outrageous property tax increases launched Proposition 13, the most consequential, grass-roots tax reform in California history. Voters need a chance to revamp the public pension system. Without reform, California will need massive tax increases, deep service cuts, default on pension benefits, or an ugly combination of all the above to meet its obligations.

Dr. Arthur B. Laffer is founder and head of the Laffer Center at PRI.

SALLY PIPES MARKS 25TH ANNIVERSARY AT THE HELM OF PRI



1991: Sally Pipes becomes President and CEO of PRI

1994: PRI adopts the motto, “Ideas in Action.” PRI health care experts—headed by Sally Pipes—play a key educational role in defeating California’s Proposition 186, the single-payer health care initiative

2004: Sally Pipes receives the Roe Award, presented annually by the State Policy Network to “pay tribute to those in the state public policy movement whose achievements have greatly advanced the free market philosophy”

2004: PRI releases Sally Pipes’ first book, *Miracle Cure: How to Solve America’s Health Care Crisis and Why Canada Isn’t the Answer*, with a foreword by Milton Friedman

2007: Pipes appears in a clip in Michael Moore’s documentary “Sicko”

2008: Pipes serves as one of Mayor Rudy Giuliani’s four health care advisors in his bid for the Republican nomination for president

2008: PRI releases Sally Pipes’ second book, *The Top Ten Myths of American Health Care: A Citizen’s Guide*, with a foreword by Steve Forbes

2009: Pipes testifies on health care issues before the *U.S. House Energy and Commerce Subcommittee on Health*

2009: Pipes launches the Benjamin Rush Society as a project of PRI’s Center for Health Care based upon the model of The Federalist Society for law students and attorneys

◆ **Download Health Care Reform: An Election Guide by going to <http://www.pacificresearch.org/health-care/>.**

This year marks Sally Pipes’ 25th anniversary as President and CEO of PRI. Prior to becoming president of PRI, she was Assistant Director of Canada’s Fraser Institute. Pipes is credited with growing PRI from an organization with a checking account of \$30,000 to assets of more than \$13 million, with offices in three locations. As a Canadian-born naturalized United States citizen, Pipes has been one of the leading voices in America against single-payer health care. Here are highlights of Pipes’ 25-year tenure at PRI.

2009: *The Economist* magazine recognizes PRI’s legal reform work as changing the national debate on tort reform

2010: Sally Pipes appointed the Taube Fellow in Health Care Studies at PRI

2010: Regnery Publishing releases Sally Pipes’ book *The Truth About Obamacare*

2011: Regnery Publishing releases Sally Pipes’ book *The Pipes Plan: The Top Ten Ways to Dismantle and Replace Obamacare*, with a foreword by Dr. Arthur Laffer

2013: Encounter Books releases Sally Pipes’ *Broadside The Cure for Obamacare*

2014: Pipes testifies before the US. Senate Committee on Health, Education, Labor and Pensions (HELP)

2014: PRI fights Obamacare in the courts, submitting invited amicus briefs in the cases *Halbig v Sebelius*, *Halbig v. Burwell*, and *King v. Burwell*, which challenged federal subsidies under the Affordable Care Act

2015: Sally Pipes appointed the Thomas W. Smith Fellow in Health Care Policy at PRI

2015: Encounter Books releases Sally Pipes’ *Broadside The Way Out of Obamacare*

2016: PRI releases Sally Pipes’ *Health Care Reform: An Election Guide*—a side-by-side brochure comparing the major health care reform plans.

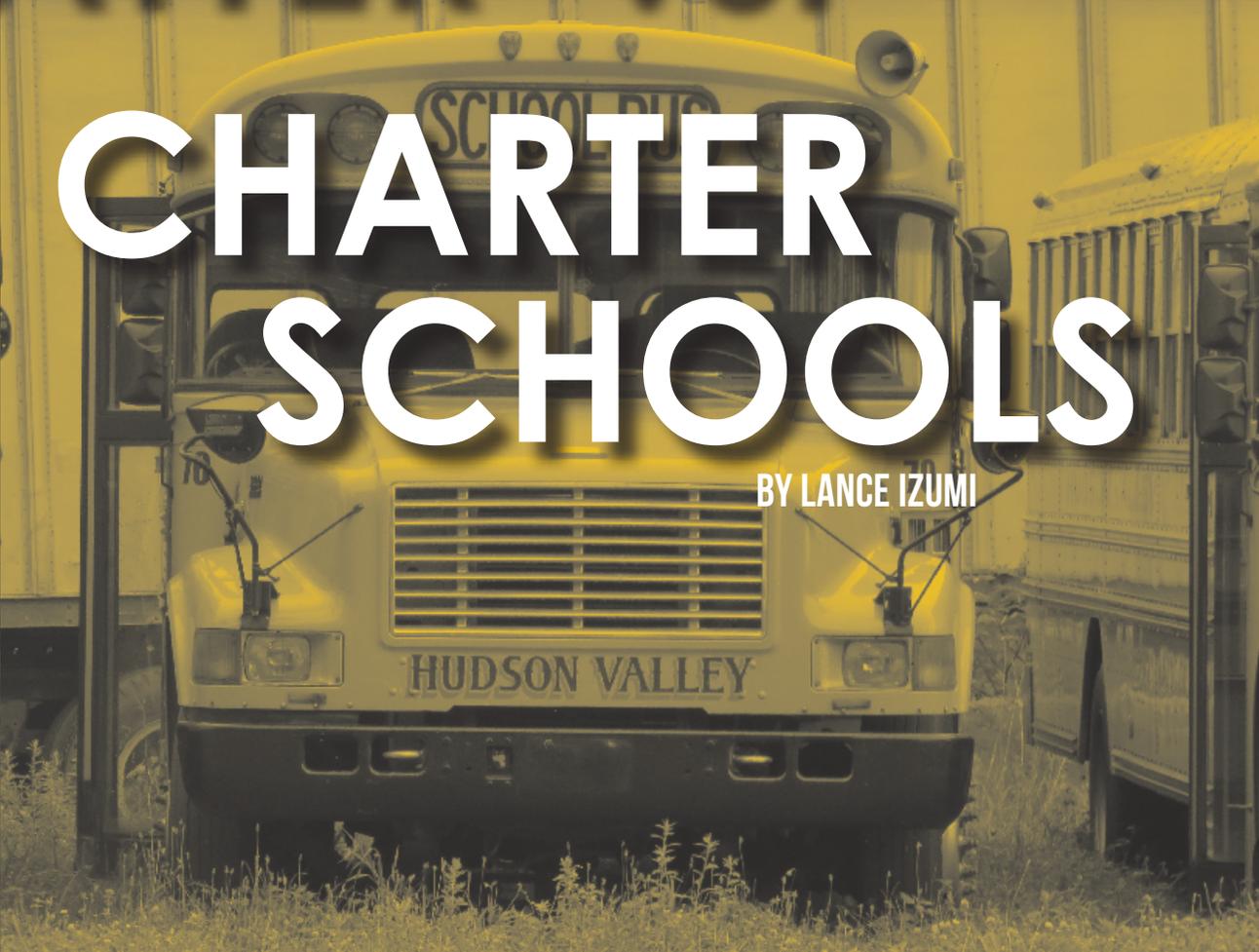


**BLACK LIVES
MATTER vs.**



**CHARTER
SCHOOLS**

BY LANCE IZUMI





The Movement for Black Lives Matter coalition recently issued education-policy “demands” that demonstrate that not all the lives of black children matter to the group.

In the preamble of the BLM demands, the group uses language that seems drawn straight from teacher-union talking points. BLM talks about “an international education privatization agenda,” which sounds very similar to a recent National Education Association tweet claiming, “Privatization is a global threat to public education.” And like the NEA, the BLM authors believe that deregulated public charter schools are an instrument of this feared privatization agenda.

Despite the fact that charter schools are government funded and must receive initial and periodic approvals by local school boards, the fact that charters can be operated by private education management organizations causes BLM to froth about “corporate school reformers” who turn schools into “test subjects of experimental, market-based education reforms.” BLM thus demands “a moratorium on charter schools.”



What empirical research shows is that the lived experience of black children in charter schools has been very positive.

In a hypocritical twist, The Atlantic reports that a child of Jonathan Stith, one of the authors of the BLM demands, is “enrolled in a charter school.” Yet, Stith told the publication that his desire to eliminate charters “comes from a lived experience” —whatever that means.

What empirical research shows is that the lived experience of black children in charter schools has been very positive. A 2015 study by Stanford University’s Center for Research on Education Outcomes found that low-income black students in urban charter schools had higher achievement in math and reading than their peers in traditional public schools.

Looking across all 41 urban regions examined in the study, the Stanford researchers found, “Black students in poverty [in charter schools] receive the equivalent of 59 days of additional learning in math and 44 days of additional learning in reading compared to their peers in [traditional public schools].”

Urban charter schools were also more effective for black students who were not from low-income backgrounds. The Stanford study found that black students not in poverty gained the equivalent of 43 additional days of math learn-

ing and 29 additional days of reading learning in urban charter schools compared with similar students in traditional public schools.

Charter schools in cities such as Newark, New Orleans, and Memphis, which have large black populations, had some of the largest impacts on student achievement.

Further, the study found that charter schools in heavily black Detroit, the District of Columbia, and Newark have “small shares of low-performing [charter] schools and a majority of charters outperforming their local traditional public schools.”

Yet, despite this overwhelming evidence that charter schools help improve the learning of black students, BLM would cut off this educational lifeline to the very children and parents for whom they purport to speak.

Why would BLM throw black children overboard? It is instructive to note that Hiram Rivera, one of the authors of the BLM document, is executive director of the Philadelphia

Student Union, which has received funding from the American Federation of Teachers.

Also, the NEA and the AFT are members of the Alliance to Reclaim Our Schools, which is listed in the BLM document as a resource on education policy.

In addition, the NEA has passed a resolution supporting BLM and the head of the union has said, “The NEA is honored to stand in solidarity with Black Lives Matter.” No wonder the BLM document specifically worries about how privatization would “destroy organized labor.”

The authors of the Stanford charter-school study concluded: “[T]hese charter sectors clearly refute the idea that some groups of students cannot achieve high levels of academic success. They need only to be given the opportunity.” Black Lives Matter would destroy that opportunity and, along with it, the lives of thousands of black children.

Lance Izumi is Koret Senior Fellow and Senior Director of PRI’s Center for Education.

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YOUNG LEADERS CIRCLE

The Pacific Research Institute's **Young Leaders Circle** (YLC) was established with the guidance of PRI's Board of Directors earlier this year to educate and empower the next generation of free-market leaders in the San Francisco Bay Area by providing young professionals with the resources, skills, and relationships to champion market-based policy ideas over the course of their careers.

PRI's YLC program engages, inspires, and improves the understanding of young liberty-conscious innovators, builders, and creators in San Francisco and across Silicon Valley on the role of free markets in solving economic and social problems. YLC leverages PRI's influence in the public policy arena – and the influence of broader freedom-focused, liberty-conscious networks – to empower young professionals to become more effective advocates for liberty.

YLC is an important part of PRI's **Sir Antony Fisher Freedom Society**, named after the British businessman and philanthropist who founded PRI, Atlas Network, and several other think tanks. The Society recognizes PRI's closest friends and most loyal supporters, and gives them exclusive access to events, publications, scholars, and leadership. Members of the Society, including YLC

members (ages 21-40), are key partners in PRI's broader mission to offer timely, practical solutions to policy issues important to citizens of our state and nation. YLC membership requires an annual gift to PRI of \$250 or more.

Since the launch of YLC in June 2016, we have welcomed more than 40 members. YLC is comprised of young professionals with diverse backgrounds, all of whom are bound together by an interest in the ideas of liberty. YLC's current program engages its members through member-only events that feature high-caliber speakers and incorporate music, art, and local culture.

Leveraging PRI's reputation and connections, YLC member events have attracted speakers such as Sonia Arrison (Silicon Valley author, co-founder of Unsugarcoat Media, and Associate Founder of the Singularity University), John Tamny (editor of RealClearMarkets, Political Economy editor at *Forbes*, and a Senior Fellow in Economics at Reason Foundation) and Andrew C. McCarthy (columnist for *National Review* and counterterrorism expert). YLC event venues have included the historic Anchor Brewing Company and Maritime Wine Tasting Studio in San Francisco.

Interview with a YLC Member: **ANDREW GABLE**

Tell us about yourself.

My name is Andrew Gable and I work in the Bechtel Corporation's Treasury Group. I studied political science and philosophy at Kenyon College and spent my undergraduate summers interning in Congress, at the American Enterprise Institute, and at the Pacific Research Institute. I consider myself a classical liberal in the tradition of Adam Smith, John Locke, and Alexander Hamilton.

How did you learn about PRI's Young Leaders Circle and what do you like most about being a supporter?

I learned about YLC through Stephanie Watson, its energetic leader. Perhaps YLC's greatest virtue is the access it provides. YLC represents social infrastructure for young, market-friendly professionals to meet, befriend, and organize under a common banner.

As a founding YLC member, what has been your favorite experience? Why?

All speakers at YLC member events have been interesting, relevant, and insightful. I particularly enjoyed Steven Hayward and Andy McCarthy for their wit and knowledge. In addition, the social aspect has been a major draw as I meet new, interesting people at every event.

What role do you see PRI playing in encouraging young people to become better advocates for liberty?



PRI is a beacon of liberty in a sea of regulatory despotism. Indeed, it is up to institutions such as PRI to provide an alternative to the status quo, a vigorous defense of liberalized commerce, and a guiding light for California's beleaguered conservative movement.

YLC plays a significant role in translating PRI's ideals into action. Not only does the YLC allow liberty-minded professionals access to some of the most interesting policy minds in California, perhaps as importantly, it connects young professionals with one another. It reminds us that the fight for liberty is not a solo affair. This point is of critical importance given the political landscape of San Francisco and the state more broadly. At present, California faces immense political and economic challenges. But by straightening the sinews among future decision makers, PRI makes a forward investment in the virtues it proudly extols. The relationships forged through YLC will not soon dissipate nor will the gratitude felt towards PRI be soon forgotten.



RECENT PRI EVENTS

Reception Celebrating
Milton Friedman Legacy Day
July 27, 2016 – Pasadena, CA

Villa Taverna with Dr. Arthur Laffer,
Head of the Laffer Center at PRI
August 23, 2016 – San Francisco, CA

State Policy Network Annual Meeting
Breakfast with Dr. Laffer
October 5, 2016 – Nashville, TN

Education Policy Town Hall Hosted by
California Assemblywoman
Shannon Grove (R-Bakersfield)
Featuring Lance Izumi, Koret Senior Fellow and
Senior Director of PRI's Center for Education
October 3, 2016 – Bakersfield, CA

PRI Luncheon with James Taranto
June 24, 2016 – San Francisco, CA

Young Leaders Circle Event:
Terrorism Forum with Andrew C. McCarthy
August 10, 2016 – San Francisco, CA

Young Leaders Circle Event:
Tech Policies and Possibilities
September 7, 2016 – San Francisco, CA

Young Leaders Circle Event:
Private Solutions to Public Problems
October 12, 2016 – San Francisco, CA

Young Leaders Circle Event:
The Meaning of the Election & America's Future
November 9, 2016 – San Francisco, CA

DON'T MISS "The Ephemeral Nature of Wealth: Why Socialism Fails"



Featuring:
ROB ARNETT
*founder and chairman of
Research Affiliates*

with introduction and Q & A featuring

JOHN TAMNY
*Political Economy Editor, Forbes; Editor
RealClearMarkets; Senior Economic
Advisor to Toreador Research & Trading;
and Author of Popular Economics*

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ABOUT PACIFIC RESEARCH INSTITUTE

For 37 years, the Pacific Research Institute has championed freedom, opportunity, and personal responsibility by advancing free-market policy solutions. PRI provides practical solutions for policy issues that impact the daily lives of all Americans, and demonstrates why the free market is more effective than the government at providing the important results we all seek: good schools, quality health care, a clean environment, and a robust economy.

Founded in 1979 and based in San Francisco, PRI is a non-profit, non-partisan organization supported by private contributions. Its activities include publications, public events, media commentary, including opeds, radio and television interviews, as well as article citations, community leadership, invited legislative testimony, *amicus* briefs, and academic outreach.

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