

Impact

Winter 2022

A Pacific Research Institute Publication

Lessons from
California on
what not to do.





“Saving California”

As PRI’s new book *Saving California* suggests, market-based reforms can help solve some of California’s biggest policy problems and even advance the goals of the state’s most progressive legislators. Come hear policy experts and real life changemakers discuss reforms that could push the state onto a better track and put the gold back in the Golden State.

Join us for PRI’s Fourth Annual “California Ideas in Action” Sacramento Conference

Thursday, February 17, 2022
Hyatt Regency Sacramento



Featuring Keynote Luncheon Speaker
The Hon. Anne Marie Schubert
Sacramento County District Attorney

Photos from past California Ideas in Action conferences



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IMPACT MAGAZINE WINTER 2022

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Dear Friends and Supporters,

The Biden administration and other states are taking notice of what's going on in the once-Golden State. They're being inspired by California's progressive agenda to advance disastrous policy ideas like implementing government-run health care programs and costly electric car subsidies that primarily benefit the wealthy.

This edition of *Impact* shows what Americans could face if California's progressive policies go national – higher costs, increased taxes, fewer choices, more restrictions, and less freedom.

On Pages 6-8 of this issue, learn about PRI's "Been There, Done That" campaign to educate Americans about the negative consequences facing them if California's "blue state" policies spread east.

Another disastrous idea being debated in Washington and supported by President Biden and progressive Democrats would impose de-facto government price controls on prescription drugs. On Pages 12 and 13, read about my new issue brief, which shows how proposed drug policies included in the Build Back Better Act would threaten access to life-saving medications and limit future innovation.

Even well-meaning government actions have had negative consequences. On Pages 10 and 11, Dr. Wayne Winegarden writes about the latest study in PRI's *Breaking Down Barriers to Opportunity* series, which shows how government COVID-19 policies actually imposed new burdens on small businesses struggling to stay afloat.

- On Page 9, read about how PRI's research on taxpayer-funded electric car subsidies led to a rare bipartisan U.S. Senate victory in the effort to end "costly subsidies for the rich."
- Read about Lance Izumi's new book *The Homeschool Boom*, which explores why more parents are choosing to educate their kids at home (Pages 16-17).
- On Pages 20-21, read about PRI's new study on California's outmigration problem, and learn what can be done to stop the exodus of jobs, companies, and opportunities out of state.

Your support makes possible PRI's critical work giving the American people the intellectual firepower they need to stop the California progressive agenda from becoming law nationwide. Standing together, we will safeguard our personal freedoms and defend our economic liberties from these reckless and misguided policy ideas.

Wishing you and your families a very Happy and Prosperous New Year. May the pandemic mandates and regulations be lifted so we can return to a normal way of life in America.



Sincerely,

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

Sally C. Pipes
President, CEO, and Thomas W. Smith Fellow in Health Care Policy
Pacific Research Institute

PACIFIC RESEARCH INSTITUTE

★ ★ CAMPAIGN FOR ★ ★

AMERICA'S FUTURE

Support PRI's Campaign for America's Future

By Ben Smithwick

At the Pacific Research Institute, we are grateful to all our donors who have generously supported our work to advance market-driven policies that fulfill our mission to champion freedom, opportunity, and personal responsibility for all Americans.

We certainly have our work cut out for us. Politicians in Washington, D.C., Sacramento, and state capitols are pushing wasteful entitlements, excessive spending programs, and crippling regulations that will hinder economic growth. Our research and programs are critical to preserving the personal and economic freedoms that have made our country the most prosperous and innovative on Earth.

We hope that you will consider supporting our Campaign for America's Future, our latest fundraising effort to ensure that we can push back decisively against misguided policy proposals and reclaim economic prosperity for all Americans. PRI is leveraging its history of success to pursue several major goals over the course of the next 12 months, including:

- launching a new film project under PRI's Center for Education that examines the K-12 dropout problem and promotes solutions to keep students engaged in the classroom;
- enhancing our digital campaign to leverage PRI's original research and warn Americans about what they could face if blue-state policies are enacted elsewhere or become federal policy;
- expanding our work on the rise in energy poverty in America and advancing free-market solutions to improve environmental quality without new taxes or government programs;
- continuing to expand PRI's digital outreach through our website, weekly "Next Round" podcast, daily "Right By the Bay" blog, videos, microsites, and social media outreach; and
- growing PRI's Center for Medical Economics and Innovation, which demonstrates the benefits that market-based reforms can offer patients and the U.S. health care system.

In 2021, the work of PRI scholars was featured in prominent publications nationwide such as *The Wall Street Journal*, *New York Times*, *USA Today*, *Los Angeles Times*, *San Francisco Chronicle*, and the *Chicago Tribune* and our scholars appeared on over 260 radio and television programs.

Your gift in support of PRI's Campaign for America's Future, is a bold investment in the future of PRI. We will soon be launching a three-year Strategic Plan to expand our operating capacity and impact.

Your support will help us make our strategic plan a reality. You will help:

- Increase PRI's research on the negative consequences of high taxes, over-regulation, and expanding entitlements;
- Establish a Center for Urban Renewal to house PRI's research on housing, homelessness, crime, and poverty; and
- Establish a Speaker's Bureau of PRI scholars and writers and promote them as speakers nationwide—promulgating PRI's mission of fighting for free-market solutions.

I hope that you will stand with us in 2022.

Ben Smithwick is vice president of development at the Pacific Research Institute.

Support PRI's
"Campaign for America's Future" Today

Donate at www.pacificresearch.org/give
Or e-mail support@pacificresearch.org
for more details.

By the Numbers

1700

OP-EDS BY PRI SCHOLARS
PUBLISHED IN MEDIA
OUTLETS NATIONWIDE

260

RADIO AND TELEVISION
APPEARANCES BY
PRI SCHOLARS

OVER

1600

ONLINE AND PRINT MEDIA
CITATIONS OF PRI'S WORK

15

BOOKS AND STUDIES
PUBLISHED

OVER

1.3

MILLION HITS TO
PACIFICRESEARCH.ORG

California Has Been There, Done That

Restricting worker freedom. Trapping kids in poorly performing public schools. Increasing energy costs through so-called “green” mandates. Throwing more money at ineffective government anti-homeless programs.

If these proposals that are being pushed in Washington today sound familiar, that’s because they are.

Californians have been there, done that.

The *Los Angeles Times* recently wrote that California is serving as a “de facto think tank” for the Biden Administration.

PRI has been sounding the alarm about how the Sacramento “progressive agenda” impacts hard-working Californians for decades.

Now, we have a warning to Congress and state capitals nationwide – don’t do what we’re doing!

As Sacramento is inspiring a reckless agenda in Washington, DC and other states, the real-life experiences of Californians who have been hurt by the progressive agenda have been missing from the conversation. That’s why PRI has launched the “Been There, Done That” campaign.

Our goal is to change the conversation by using our research and analysis to shine a spotlight on the negative, real world consequences of the California agenda, and inspire millions of Americans to make their voices heard.



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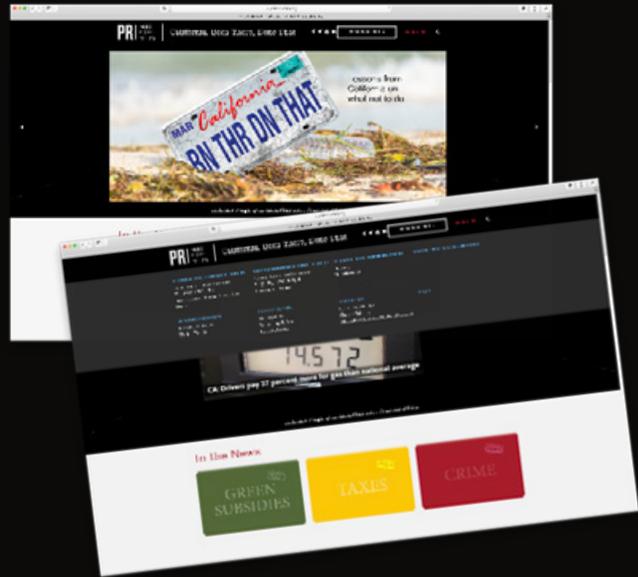
Founded in San Francisco in 1979 and calling California home for more than forty years, PRI has had a front row seat as Sacramento has shifted away from free markets and toward more government control.

Our scholars have researched and written extensively on these misguided policies, including limits on worker freedom, expensive renewable energy mandates, costly government-run health care schemes, and restrictive policy regimes that are reducing innovation in technology and health care.

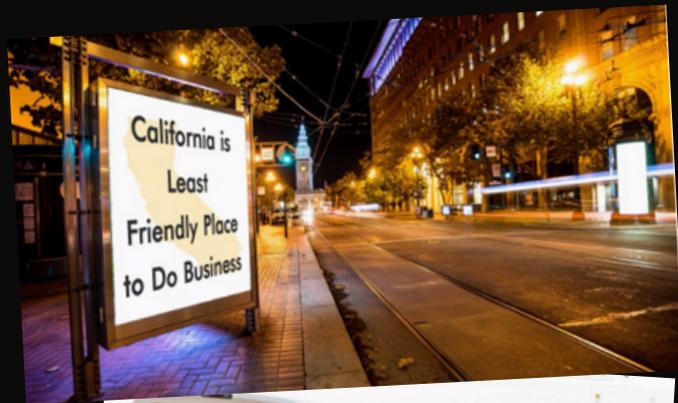
We've also made the case that free-market alternatives would increase affordability in the Golden State, boost opportunity for all, expand freedom, and provide better lives for all Californians.

By visiting PRI's new "Been There, Done That" website (www.pacificresearch.org/beenthere-donethat), you'll learn how the California progressive agenda has hurt the hard-working people of our state – and would hurt millions if enacted in Congress or other states. The website also highlights reforms we can make to turn California around.

We hope you'll bookmark our new "Been There, Done That" website and encourage your family and friends in other states to regularly visit and obtain the facts they need to push back against bad California policies being promoted in their states and in Washington.



Visit www.pacificresearch.org/beenthere-donethat to arm yourself with the facts and make your voices heard about why California's policy mistakes on health care, taxes, worker freedom, green subsidies, and other issues should not be repeated in Washington.



Watch the video at www.youtube.com/PacificResearch1 and learn how California has "Been There, Done That" on the progressive agenda being debated in Washington.

The Biden administration – inspired by California’s expensive green agenda – wants to expand taxpayer-funded subsidies to purchase electric vehicles.

PRI’s Dr. Wayne Winegarden documented that 79 percent of electric vehicle plug-in tax credits were claimed by households with adjusted gross incomes of greater than \$100,000 per year.

Elected officials are finally listening.

In August, U.S. Sen. Deb Fischer, R-Nebraska, introduced an amendment to the budget reconciliation bill to disallow electric vehicle tax credits for individuals making more than \$100,000 per year, or cars costing more than \$40,000.

Citing Winegarden’s research, Fisher said on the Senate floor that proponents, “want to subsidize luxury vehicles only the rich can afford using money from hard-working taxpayers and my amendment would put a stop to that.”

Writing about the debate, *Politico* reported that “three Democrats thought that was a good question” why government would “subsidize luxury vehicles for the wealthy.” They joined with nearly all Republican senators to pass the amendment on a 51 to 48 bipartisan vote.

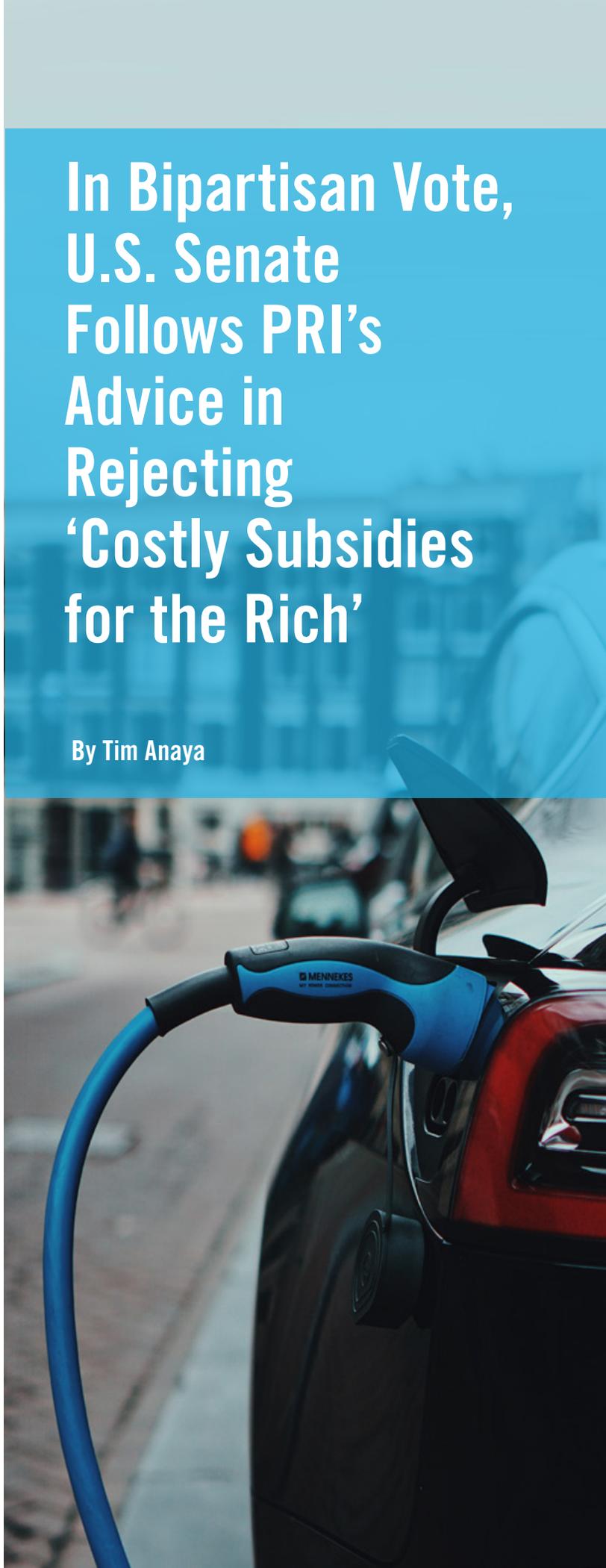
Following the vote, the Biden Administration retreated and limited electric vehicle tax credits in its Build Back Better bill to individuals making \$250,000 or less and joint filers making \$500,000 or less, and to cars costing less than \$55,000 or trucks and SUVs costing less than \$80,000.

While the debate continues, there is growing momentum in Washington to finally end “costly subsidies for the rich.”

Tim Anaya is the Pacific Research Institute’s senior director of communications and the Sacramento office.

In Bipartisan Vote, U.S. Senate Follows PRI’s Advice in Rejecting ‘Costly Subsidies for the Rich’

By Tim Anaya





Federal COVID-19 Response Hurt Small Business, Threatens Future of American Entrepreneurship

By Dr. Wayne Winegarden

Excerpt of op-ed originally published at *Forbes.com*

Small business owners and entrepreneurs have plenty of barriers to success without considering the costs from the COVID-19 pandemic. High and excessively complex tax laws, the anti-growth reconciliation bill, and regulatory burdens like the pending congressional “Right to Work” bill and California’s AB5 law that is going national through the PRO Act. These barriers make starting a small business, hiring employees, and successfully growing a challenge.

Then there is the government’s economic response to the COVID-19 pandemic.

Lawmakers and regulators at the federal level took unprecedented action to help stabilize the U.S. economy and protect American small businesses and entrepreneurs. Unfortunately, despite good intentions, it didn’t help.

A new study I authored shows that small businesses have little to show for the massive increase in government funding and, thanks to these policy responses, many are now worse off than before the COVID-19 pandemic . . .

The PPP program is a prime example of the federal government spending excessive sums of money during COVID-19 with little impact on those it was trying to help. How do we know this? The Federal Reserve said as much in a recent survey.

While some businesses may have benefited from the loans, nearly half of the small businesses who received their full PPP loan requests still laid off workers, according to the Federal Reserve’s 2021 Small Business Credit Survey . . . Instead of identifying families, small businesses and individuals who needed assistance during the pandemic, the federal government spent hundreds of billions on those who didn’t need the money.

Before the COVID-19 pandemic, entrepreneurs widely cited the large and growing regulatory burden as a major obstacle to growth. The pandemic made things worse. According to research from George Washington University, 215 new COVID-related regulations were enacted by the federal government, many of which were supposed to benefit small businesses struggling during the pandemic. Not unexpectedly, these regulations have actually hurt entrepreneurs even more.

Consider the eviction moratorium. Small entrepreneurs who own rental homes or apartment buildings have suffered disproportionate harm from this moratorium. For some, rental income is their primary source of income, so the eviction moratorium is a major threat to their financial well-being . . .

This begs the question: Was the massive increase in spending, borrowing, and regulating worth the future harm it will impose on American entrepreneurship? The answer is no. Washington's response to the pandemic shows that when government expands beyond its core competencies, its actions become detrimental to prosperity.

However, federal policymakers can stop the economic damage their policy choices have created if they truly embrace entrepreneurship as the key to future prosperity. They should consider:

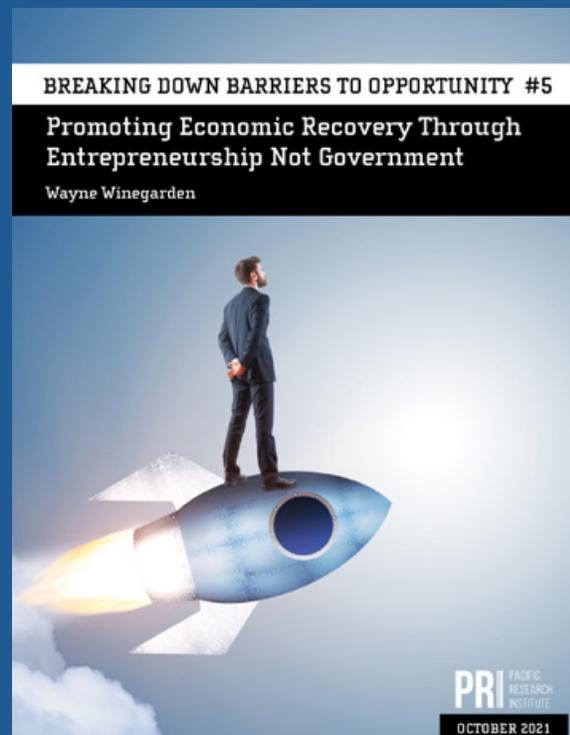
- Limiting future spending growth to less than the economy's growth rate until it reaches an affordable level of government spending, around 15 percent of the economy;
- Enacting fundamental tax reform to simplify the current system and increase the incentive to work and become entrepreneurs;
- Implementing a rules-based monetary policy; and
- Conducting a comprehensive regulatory review with the goal of simplifying the code and reducing the cost of compliance.

Dr. Wayne Winegarden is senior fellow in business and economics at the Pacific Research Institute.

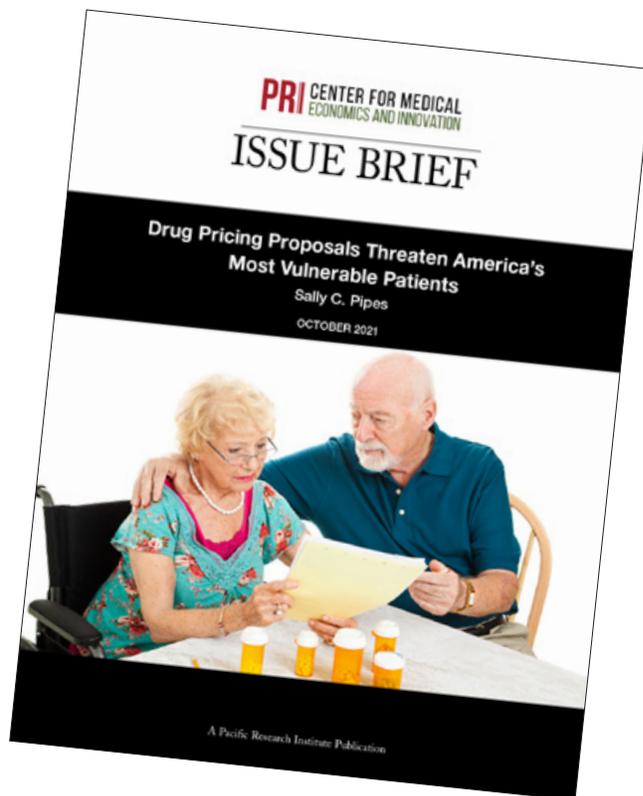
Read the latest *Breaking Down Barriers to Opportunity* study.

Learn how we can best promote America's economic recovery through entrepreneurship, not government.

Read the study at www.pacificresearch.org/entrepreneurship



Focus Groups Overwhelmingly Disapprove of Government “Negotiated” Drug Pricing



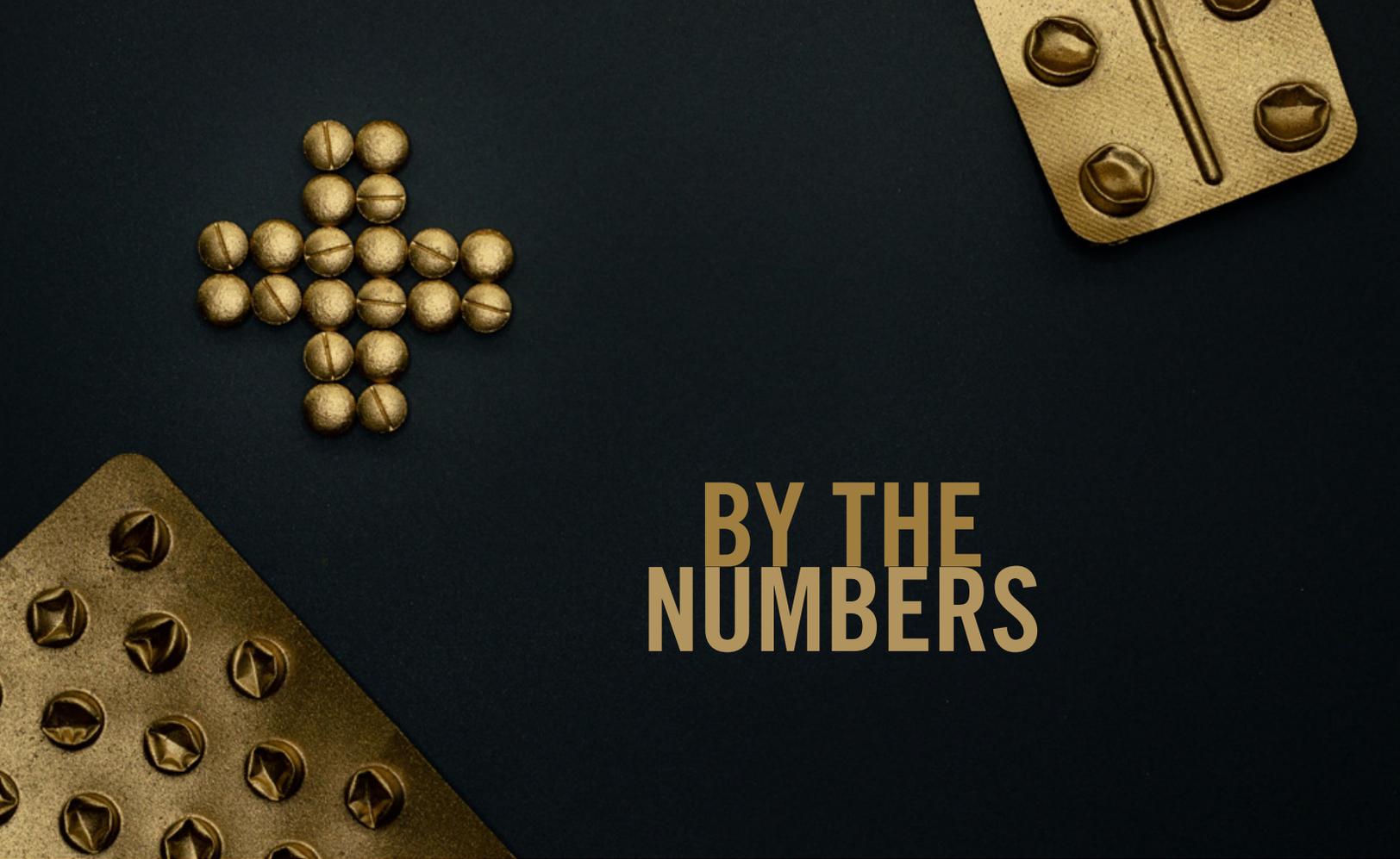
A new brief from PRI’s Center for Medical Economics and Innovation reveals that voters strongly disapprove of Medicare reforms being considered by Congress as part of the budget reconciliation bill.

To cut Medicare costs, lawmakers want U.S. officials to negotiate prices with drug makers. In reality, these “negotiations” merely amount to the imposition of a system of price controls. Proposals include tying drug prices to those paid by the Veterans Health Administration or by healthcare systems in Canada and Europe.

In both cases, bureaucrats assign a value to a person’s life based on their age and health and then undertake a cost-benefit analysis to determine whether to cover a medication and how much to pay for it — and who is and isn’t eligible for certain drugs.

Although leaders have assured their members these policies are popular with voters, new survey and focus group data from OnMessage Inc. finds that when Americans learn how the government would determine prices, support declines dramatically.

“It’s a relief that Americans oppose Congress’s drug pricing proposals once voters learn the true consequences of these misguided reforms,” said Sally C. Pipes, the brief’s author and PRI president, CEO, and Thomas W. Smith Fellow in Health Care Policy.



BY THE NUMBERS

**NEARLY
60%
OF LIKELY
GENERAL ELECTION
VOTERS** opposed
Medicare basing
drug prices on decisions
made by bureaucrats in
Canada and Europe.

**NEARLY
78%
OPPOSED**
government setting
drug prices based
on calculations
that determine
the value of a
patient's life.

**MORE THAN
72% WERE
LESS LIKELY**
to support plans being
considered in the
House and Senate
that would make it
less likely for elderly or
disabled patients to get
the newest medicines.

Read the full issue brief “Drug Pricing Proposals Threaten America’s Most Vulnerable Patients” at www.medecon.org

THE LATEST

FROM PRI'S CENTER FOR MEDICAL ECONOMICS AND INNOVATION

“Coverage Denied” Series Shows How Flawed U.S. Health Insurance System Inflates Costs

PRI's Center for Medical Economics and Innovation (CMEI) launched a new series called “Coverage Denied,” which aims to analyze and propose reforms to fix the problems in the current system that threaten patient health outcomes and often lead to huge financial risks for patients facing unexpected or chronic health care challenges.

“The *Coverage Denied* series will explore the flaws in the system that are driving up patient costs despite fewer numbers of uninsured Americans and offer reforms to reduce financial burdens on patients and improve health care outcomes,” said Dr. Wayne Winegarden, director of PRI's Center for Medical Economics and Innovation and the study's author.

Creating a Two-Part Drug Pricing System Would Ensure Prices Reflect Patient Value

The latest paper in the “Quantifying the Wrong Value” series outlines how establishing a two-part drug pricing system would more accurately reflect how patients value a drug compared to those produced by centralized organizations.

The first price would be an access fee for innovative medicines, established by negotiation between insurers and manufacturers. Insurers would pay the access fee on behalf of patients, ensuring that everyone covered by the insurance can access the drug. The second price would cover production, transportation, and distribution costs, and would be paid by patients.

Patients Could Save Up to \$5.8 Billion Through Humira and Enbrel Biosimilars

“Generating Drug Savings Through Competition” explores the potential savings to patients and taxpayers from two drugs that currently do not face competition from biosimilars – Humira, which is the top selling drug in the United States, and Enbrel. The brief found that policies that promote biosimilar competition have the potential to save U.S. patients up to \$5.8 billion collectively if biosimilars to Humira and Enbrel grow in market share.



PRI SCHOLARS TAKE TO THE AIRWAVES



Sally Pipes discussed the push for the public option in an interview on “The National Report” on Newsmax TV



Lance Izumi discussed his new book *The Homeschool Boom* and the growth in the number of homeschool students nationwide in an interview with host Chance Seales on “The Why” on the Newsy cable news channel.



Wayne Winegarden discussed drug pricing and President Biden’s prescription drug plan in interviews that aired nationwide on local Scripps Howard television stations.



Winning the Water Wars author Steven Greenhut discussed a Marin proposal to build a new desalination plant on KPIX-TV in San Francisco.



PRI’s recent webinar featuring Dr. Wayne Winegarden in conversation with best-selling author Carol Roth on her new book *The War on Small Business* was broadcast to a national television audience on C-SPAN’s “Book TV.”





New PRI Book Documents *The Homeschool Boom*

The new PRI book *The Homeschool Boom: Pandemic, Policies, and Possibilities* examines the growth of homeschool enrollment in the wake of the COVID-19 pandemic and profiles families from diverse communities and different political ideologies, and those with special needs children who have successfully transitioned to homeschooling.

“The COVID-19 pandemic forced millions of students to learn at home. Many parents saw for the first time how ineffective traditional schools were at educating their kids,” said Lance Izumi, senior director of PRI’s Center for Education and the book’s author.

The Homeschool Boom features interviews from homeschool families and busts common myths about homeschooling:

- **Homeschool Growth During the Pandemic**

During the pandemic, the number of students being homeschooled grew to eight million. The number of African American families homeschooling increased by five times and the number of Hispanic families doubled as families were confronted with an unprepared and ineffective remote public-school curriculum.

- **Homeschool Parents Cover All Ends of the Political Spectrum**

It's not only conservatives or Christians who are homeschooling, but parents from every background, religious belief, or political persuasion. *The Homeschool Boom* profiles a parent who is a self-professed "flaming liberal" who joined a conservative Christian parent in founding a homeschool co-operative.

- **Homeschool Programs Offer Individual Learning, Flexibility**

The book shows how homeschooling is perhaps the most individualized learning option available, offering the choice, flexibility, and personalization that cannot be found in traditional schools. Readers will learn about a wide array of resources to help parents educate their kids at home, from online learning platforms to affiliations with neighborhood charter schools.

- **Future of Homeschooling**

Coming under increasing attack by teacher's unions, Ivy League academics, and politicians, the book looks at homeschooling as education enters the post-pandemic world and makes the case that it will be an increasingly utilized educational choice for parents dissatisfied by the status quo.

In *The Homeschool Boom*, you'll meet a single-mom who successfully homeschooled her two daughters while running a Spanish language theater company and educating other Hispanic families about quality homeschool options.

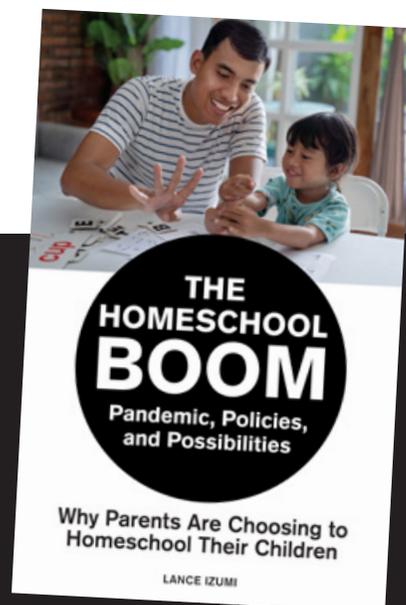
The book interviews a leading African American homeschool advocate and homeschool teacher who switched her children from traditional schools during her family's military deployments.

The Homeschool Boom shows that homeschooling is also successful for the most vulnerable special needs students, as there are numerous resources now available that enable them to provide one-on-one instruction, flexible scheduling, and creative and individual learning environments that are difficult to achieve in one-size-fits-all public schools.

The Homeschool Boom makes the case that the growth in homeschooling following the COVID-19 pandemic may be a growing part of America's education system for years to come.

"With the number of homeschooled students growing to 8 million, *The Homeschool Boom* shows why more parents dissatisfied with their children's education are making a once unthinkable choice – the choice to educate their kids at home," said Izumi.

Buy *The Homeschool Boom* today at your favorite online bookseller.



Competition Can Lower Americans' Electricity Bills

By Dr. Wayne Winegarden

Whenever you hear about America's electricity system these days, it's usually some big problem that has captured the public's attention.

There are examples of energy companies operating inefficiently, such as ratepayers having to foot the bill for massive cost overruns at the Vogtle nuclear power plant in Georgia. Sometimes, as was the case in South Carolina, customers wind up paying higher rates to cover the costs of building generation resources that are never completed and generate no electricity. And we have seen outright corruption, such as the FirstEnergy scandal in Ohio that led to the largest criminal fines for bribery ever imposed by the local U.S. Attorney's office.

What do all of these examples have in common? They involve government-mandated electricity monopolies. Residents and businesses lose out when states rely on electricity monopolies, forced to endure higher prices, reduced investment in new infrastructure, and less reliable power.

When thinking about America's electricity future, we want a system that produces an abundant and reliable energy supply to power our homes and businesses. We want to be able to keep the lights on at the most affordable price possible. And at a time when the country is increasingly concerned about global warming, we want to generate more "green energy" and lower emissions.

The key to making each of these priorities a reality is through electricity competition.

Right now, there is electricity competition at the wholesale level – or the source from which power companies acquire electricity supply to sell to local customers – for most of the country outside the Southeast, Southwest, and Northwest. In addition, 13 states and the District of Columbia have retail competition, where individual customers can choose a power company that best meets their requirements, such as lower prices or more power being generated by green sources.

As I document in the new PRI study “Affordable and Reliable,” if every state switched to a competitive electricity market, it would be a win-win for customers, the economy, and the environment.

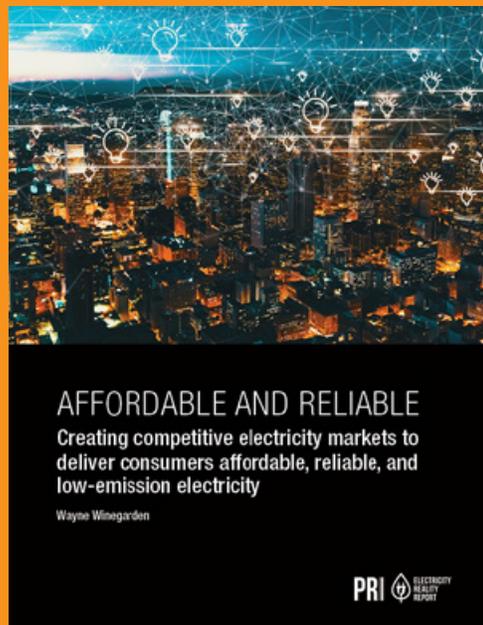
The latest data shows that competition lowers prices for consumers. Prices in competitive wholesale markets were trending downward and were at or near 6-year lows in 2020. States with competitive retail markets saw prices drop 0.3 percent between 2008 and 2020 – compared to a 20.7 percent price increase in monopoly states.

Competition also ensures that power interruptions are rarer and brief. Because competitive wholesale markets are regional and encompass a larger geographic area, they have more diverse energy generation options when supplies are tight. A key measurement found that the frequency of sustained power interruptions was 10.4 percent lower in competitive states compared to monopoly states.

As America transitions to a clean energy future, competition ensures that we will make additional progress in lowering emissions. Looking at the latest figures from between 2008 and 2018, state emission levels dropped on average 12.1 percent in competitive states, compared to 7.3 percent in monopoly states.

The research makes it clear – if we want to lower costs for consumers, make our economy more competitive for investment and job creation at a time of uncertainty, ensure that we have a reliable electricity supply to power our homes and businesses, and boost our progress in lowering emissions, then policymakers in states with government-mandated electricity monopolies should pass reforms establishing competitive electricity markets.

Dr. Wayne Winegarden is senior fellow in business and economics at the Pacific Research Institute.



Read the study
“Affordable and Reliable” at
www.pacificresearch.org

PRI has just launched the
“Electricity Reality Report”
to provide news and analysis on
policy, market, and technology
trends that affect our nation’s
ability to power American homes
and businesses with reliable
low-cost energy.

www.electricityrealityreport.org





How to Slow, Reverse California Exodus

By Kerry Jackson and Wayne Winegarden

Excerpt of op-ed originally published in *Orange County Register*

California had been the dream destination for generations and became the most populous state in 1964. But California's share of the U.S. population peaked in 2003 and fell below 12 percent as of 2020 for the first time since 1998 . . .

As we document in the new Pacific Research Institute study "California Migrating," the state has been losing more domestic residents to other states than it gained from those moving in since 2010, according to IRS data.

This domestic migration away from California is attributed to quality of life and economic concerns. Rising crime, urban blight, and growing inconveniences, such as worst-in-the-nation traffic, erode the state's quality of life.

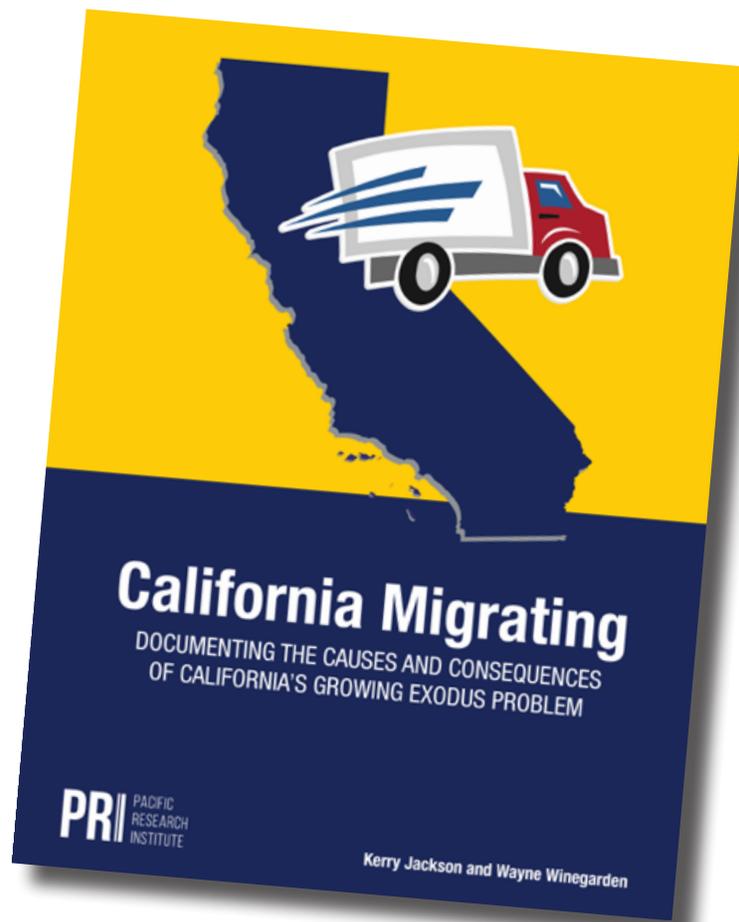
From an economic perspective, residents face steep housing costs, high-priced energy, expensive cost of living, and high taxes. Extortionate taxes and unaffordable housing costs alone turn California's 14 percent average income premium compared to other states into a nearly 20 percent net income deficit.

Businesses have also given up on California. Since 2008, thousands relocated either fully or partially elsewhere . . .

The good news is that since public policy is driving the exodus, public policy can reverse it.

To make housing affordable, the state should reform the California Environmental Quality Act (CEQA). California Senate Bill 9 and 10, recently signed into law, do allow for more housing, those zoning reforms are still limited . . .

Read the
“California Migrating”
study at
www.pacificresearch.org



Addressing California’s energy poverty problem requires repealing the state’s energy and global warming policies . . . Gas and electricity should be affordable and reliable in California with more competition for consumers.

Spending changes should address the state’s short-term and long-term budget imbalances . . . Long-term budget imbalances such as unfunded pensions and outdated infrastructure should be addressed as well, while tax reform should improve the incentive to work and save in California and reduce the volatility of state revenues.

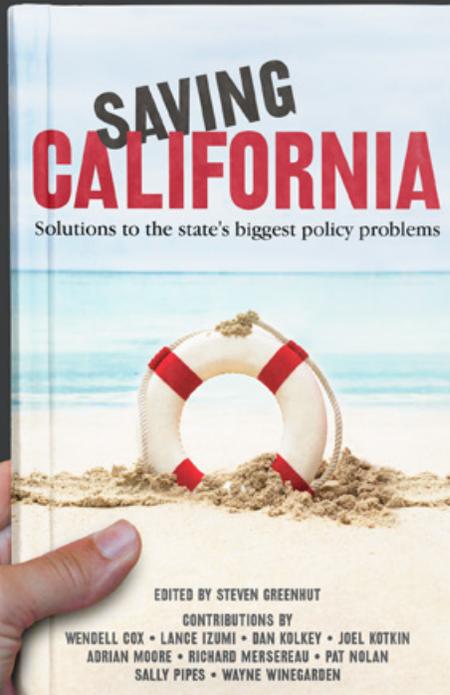
Quality of life problems should be addressed by repealing recent criminal justice reforms, such as Prop. 47, that undermine the safety and security of residents.

State leaders should leverage private charities to help sustainably address the homelessness crisis, with a focus on addressing the root causes of the problem.

Californians do not need to resign themselves to a future of growing economic hardship, declining quality of life, and a rising outmigration of people and businesses. These adverse trends are a direct result of misguided government policies and can be reversed by implementing the right reforms.

Kerry Jackson is a fellow with the Center for California Reform at the Pacific Research Institute. Wayne Winegarden is a PRI senior fellow in business and economics.

How Market-Based Solutions Can Save California



Buy a copy of *Saving California* today at your favorite online bookseller.

With California grappling over how to solve major problems like rampant homelessness, rising crime, and inadequate transportation and water infrastructure, the new PRI book *Saving California* focuses on policy changes to help restore California's lost luster.

The book's authors are all current or former Californians, people with deep expertise in their respective policy areas. Although their chapters include a fair share of criticism of current policy directions, each propose real-world policy changes that could push the state onto a better track. Their ideas are realistic reforms that will advance the stated goals even of the most progressive legislators, such as bettering the environment and helping the poor.

The book is edited by Steven Greenhut, longtime California journalist and political observer, and R Street Institute western region director. He is most recently the author of the PRI book on California's water crisis, *Winning the Water Wars*.

REMEMBERING Linda Whetstone

Daughter of PRI founder Sir Antony Fisher
Recipient of PRI's 2016 Sir Antony Fisher Freedom Award

Fulfilled her father's vision to
"litter the world with free-market think tanks"

"I met Linda in the mid-1970s when her father was helping to get Canada's Fraser Institute off the ground. Linda was a force of nature who will be sadly missed by free marketers all over the world.

Linda, thank you for all you have done on behalf of freedom."

— Sally Pipes





The Infrastructure Bill

What's in it for California?

By Rowena Itchon

Excerpt of blog originally published at *Right by the Bay*

Of the \$1.1 trillion infrastructure bill, California expects to receive at least \$39.4 billion over the next five years to help rebuild its roads and bridges, and to improve public transportation. The problem is, writes Reason's Adrian Moore in PRI's new book *Saving California*, "Infrastructure takes long-term thinking, planning, and prioritizing, and California's poor performance on improving infrastructure shows the lack of all three."

In the past decade, state spending on infrastructure exploded from \$86 billion to \$164 billion, even as infrastructure conditions worsened. Why? Moore explains: "the state squanders what it spends, paying too much for everything, pumping billions into foolish and marginal projects, wasting vast sums on overhead and administration, and just getting a terrible bang for the buck" . . .

So if Californians are looking forward to smoother roads, safer bridges, plentiful water, and fewer wildfires from the addition of \$39 billion (on top of the \$51.8 billion Gov. Newsom already plans to spend in his 5-Year Infrastructure Plan), Californians should plan to wait longer.

California is already awash in cash, and with some "long-term thinking, planning, and prioritizing," as Moore suggests, the state could have managed infrastructure repairs and projects on its own. In his chapter in PRI's book *Saving California*, he outlines some practical recommendations:

- Make infrastructure a priority
- Prioritize projects based on impact and benefit
- Address political and management barriers
- Focus on the long-term life cycle of projects, not just the current legislative session
- Use public-private partnerships.

. . . There's discontent running across the state as Californians, rising from the pandemic, wake up to the results of decades of progressivism. Saving California from crumbling into the Pacific along with its roads and bridges is a matter of political will, but when that time comes, Californians will be surprised at how practical the solutions are.

Rowena Itchon is senior vice president of the Pacific Research Institute.

Are rapid-result tests an unappreciated long-range tool to tame COVID?

by Henry I. Miller and Andrew I. Fillat

Excerpt of op-ed originally published in *Genetic Literacy Project*

There is a useful but misunderstood and underused mitigation tool – rapid-result antigen tests which detect pieces of the SARS-CoV-2 virus’s proteins – that can slow the spread of infections. Used properly, these tests can provide a method to screen workers while a campaign is mounted to depoliticize the vaccines, as well as to encourage the administration of booster shots in vulnerable (vaccinated) individuals.

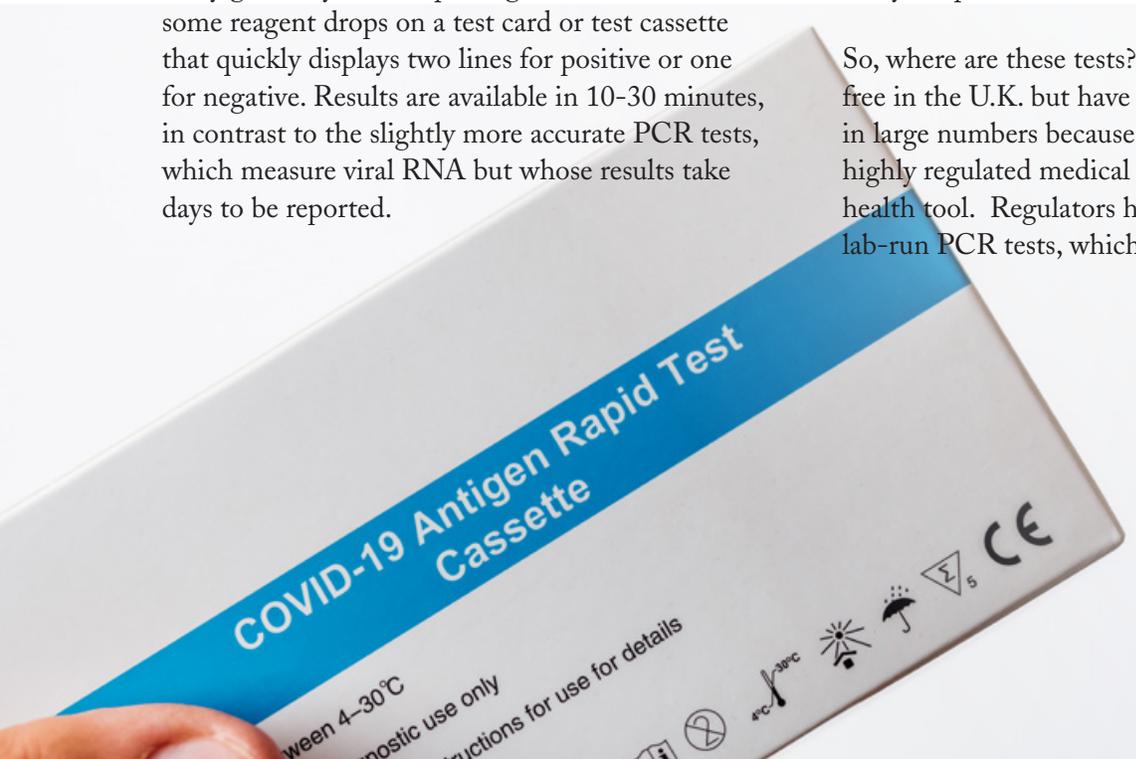
The rapid-result antigen tests are a self-administered initial screening tool for individuals to use before they venture into situations where they might come into contact with vulnerable people. These tests can identify individuals who are in their three-to-five-day period of maximum contagiousness, mostly before they are symptomatic.

They generally involve putting a nasal swab and some reagent drops on a test card or test cassette that quickly displays two lines for positive or one for negative. Results are available in 10–30 minutes, in contrast to the slightly more accurate PCR tests, which measure viral RNA but whose results take days to be reported.

In simple terms, the rapid antigen test enables you to be (pretty) sure you are not at risk to others before you leave for any get-together, movie, indoor sporting event, trip to a crowded store, and so on. These tests could become crucial yet simple to use, requiring little more time and effort than brushing your teeth before going out. It would also be useful for schoolchildren or teachers exposed to a case of COVID-19, by converting “test and quarantine” while awaiting the results of the PCR test, to “test and stay” if the test is negative.

It is important to note that rapid antigen testing (or PCR testing, for that matter) is not a substitute for vaccination. As Harvard epidemiologist and immunologist Michael Mina has observed, vaccination and rapid testing work in distinct and complementary ways: Vaccination has its greatest impact on preventing serious illness — but not spread—while testing has its greatest impact as a tool to help identify those likely to spread infection to others . . .

So, where are these tests? They are readily available free in the U.K. but have come late to the U.S. market in large numbers because they have been treated as a highly regulated medical device rather than a public health tool. Regulators have thus compared them to lab-run PCR tests, which are more accurate over the





entire course of an illness – though not necessarily much better during the period of maximum contagiousness – and deemed them inferior in function. If rapid tests are used appropriately, PCR is the wrong measuring stick.

The result has been suppressed demand for the rapid antigen tests, and prices remain high in the U.S., about \$7-\$12 each – if you can find them at all. A few companies, such as Google, make rapid tests available to employees at little or no cost. But in Europe they can cost under one dollar to the general public (although we do not know whether government subsidies are involved).

There are obvious flaws in the regulators' logic of treating these tests as devices subject to comparative evaluation.

First, almost nobody electively opts to be tested if they don't have symptoms, and thereby, if infected, can become spreaders as the virus replicates during the asymptomatic period. By contrast, if the cost were minimal, people could employ these rapid tests even in the absence of symptoms as a measure of personal responsibility at little inconvenience.

Second, even if a person is PCR-tested, the results take days to be reported, and an infected person can be a spreader during that time.

Third, even if the rapid antigen tests miss a few positives, it's better to have most of those who self-screen and test positive remain at home than not to stop anybody at all. In other words, the rapid antigen test achieves the most important goal: limiting the number of person-days that asymptomatic but contagious people are at large, infecting others . . .

The Biden administration seems finally to have awakened to the importance of these tests. In an effort to increase availability, the White House earlier this month allocated \$1 billion to purchase millions of tests over the next year, encouraging manufacturers to ramp up production. But given the feds' enormous expenditures on the pandemic over the past 20 months, and the toll that it continues to take on the nation's health and economy, that is very little, very late.

Henry I. Miller, M.S., M.D., is a Senior Fellow at the Pacific Research Institute. Andrew I. Fillat spent his career in technology venture capital and information technology companies.

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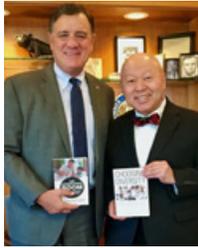
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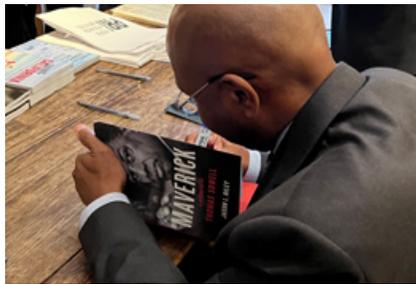
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