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Spring 2026

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Dear Friends and Supporters,

Happy 250th, America! At Pacific Research Institute, we are celebrating the semiquincentennial all year long. We are producing patriotic programming that honors the nation's founders and the great principles upon which this country was founded. On occasion, we also have to look at how far we, as a country, have at times strayed from that vision. One example that falls within my area of policy research is how red tape in Washington, D.C. is strangling rural America by denying millions of citizens access to basic health care.

Health care reform is near and dear to my heart. On pages 14 and 15, read my thoughts on why the path forward isn't more government intervention, but competition. Unleashing market forces will lead to affordable, accessible, quality care for all Americans. We can accomplish this by empowering doctors and patients, educating all Americans why single-payer health care would be a disaster for their health because of long lines, a shortage of doctors, and a lack of access to the latest treatments.

PRI, in celebration of America's 250th birthday, has produced a series of videos and supplemental lesson plans for teachers highlighting the achievements of some of this country's, and California's, in particular, greatest unsung heroes. Three of my favorites have been compiled in the pages that follow. The first profiles one of my heroes, Benjamin Rush, a physician and signer of the Declaration of Independence. Another features R.C. Hoiles, a free-market newspaper publisher whose son-in-law

Dick Wallace served on the PRI board until his recent passing. Hoiles, a great defender of liberty, built a large group of newspapers around the country including the popular *Orange County Register*.

And we also honor Sarah Josepha Hale, a poet, author, and visionary force in American culture. She championed Thanksgiving until it became a national tradition and holiday. Through her magazine *Godey's Lady's Book*, she helped to shape American tastes from beloved recipes to the white wedding dress.

Also in this issue:

On pages 7–9, we recap this February's "California Ideas in Action" conference held in Sacramento, which delighted a capacity room of supporters with free-market solutions on how California could recover from its big government stagnation.

On pages 10 and 11, read Free Cities Center director Steven Greenhut's excellent interview with Southern California property developer Rick Caruso. He provides his ideas on how, one year after the Los Angeles wildfires, these cities can be rebuilt quickly and efficiently. He focuses on solutions that include reducing widespread bureaucracy and red tape.

On pages 12 and 13, PRI's Dr. Wayne Winegarden asks a straightforward question: if California is an economic powerhouse, where are the jobs? The data tells a sobering story.

On page 16, Kerry Jackson breaks down the arithmetic behind the proposed billionaire tax. Taxing away California's 200 or so billionaires could cost the state billions of dollars in forgone revenue. In anticipation of the initiative being on the November 2026 ballot, many of the state's billionaires have already fled to friendlier states such as Florida and Texas.

On pages 18–20, Matt Fleming examines a proposal to cap credit card interest rates at 10 percent. Price controls have a consistent track record of reducing access to credit – particularly for higher-risk borrowers – and this proposal, if enacted, would be no exception.

On pages 23 and 24, Lance Izumi visits Kolbe-Trinity School in Napa to show how The BASIC Fund is giving low-income children access to a rigorous, values-based education.

This issue highlights some of our finest work over the past few months and I want to thank you all for making it possible. It is only through your continued support that we can keep fighting for liberty.



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

Anthony Velasquez and Nikhil Agarwal

AMERICA AT 250: The Ideas That Built a Nation

America's 250th birthday invites a particular kind of reflection. Not the kind that recounts battles and treaties, though those matter, but the kind that asks a harder question. Who actually built this country? The honest answer is rarely found in the halls of government. It is found in the decisions of individuals who saw something others did not, who held a principle when holding it was costly, and who built institutions that outlasted them. As part of PRI's America 250 initiative, we are releasing a series of short videos and supplemental lesson plans for teachers designed to bring these unsung figures into classrooms across California and the country. Three of them are featured below:

- A newspaper publisher who stood against the crowd when the crowd was wrong.
- Two immigrant entrepreneurs who turned a novelty into the most powerful cultural export in American history.
- And a writer and editor who shaped popular culture trends long before *Vogue* and gave a divided nation a reason to gather at the same table.

Their stories are different. The argument they make together is the same. American greatness is not handed down from above. It is built from the ground up, by people with the courage to act on what they believed.



R.C. HOILES and the Courage to Be Right

On February 19, 1942, President Franklin D. Roosevelt signed Executive Order 9066, authorizing the forced relocation and incarceration of more than 120,000 people of Japanese ancestry living on the West Coast. About two-thirds of them were American citizens. The government argued the removals were a wartime necessity. Most newspapers agreed. The public largely went along.

R.C. Hoiles did not. The publisher of the *Orange County Register* and head of Freedom Newspapers looked at Executive Order 9066 and saw what it

actually was: the removal of American citizens from their homes and communities without specific evidence, without due process, without the basic constitutional protections that distinguished the country he believed in from the governments it was fighting. He said so in print, at a time when saying so cost something.

The professional risks were real. Advertisers could pull their accounts. Subscribers could cancel. Community support could evaporate overnight. Wartime dissent was not popular, and dissent that appeared

to defend people the public had been told to fear was less popular still. Hoiles published anyway. His editorial argument was direct. Convicting people of disloyalty without specific evidence, he wrote, was too foreign to American principles and too close to the kind of government the country was at war against.

He was right. The internment of Japanese Americans is now recognized as one of the most serious constitutional failures in American history. In 1988, Congress formally apologized and authorized reparations. But Hoiles did not need the verdict of history to know what the Constitution said. He read it, believed it, and acted on it when acting on it was unpopular. That is not a small thing. It is the definition of integrity, and it is the reason his story belongs in every classroom that takes seriously what it means to live in a constitutional republic.



CARL LAEMMLE, LOUIS B. MAYER, and the Industry They Built

In the early 1900s, motion pictures were a novelty. Short films flickered in storefront nickelodeons, and the entire industry was strangled by the Motion Picture Patents Company, a trust built around Thomas Edison's camera and projector patents that

controlled who could make films and how. It was a system designed to protect incumbents and shut out competitors. Two immigrant entrepreneurs looked at that system and decided to build something better.

Carl Laemmle arrived from Germany with nothing resembling a guaranteed path to success. He challenged the Edison Trust directly, founded the Independent Moving Pictures Company, and eventually built Universal Pictures. His insight was simple and powerful. Audiences wanted to know who was on screen. By promoting performers by name, he helped invent the star system that would define Hollywood for a century. Under his watch, Universal produced enduring classics including "The Hunchback of Notre Dame", "The Phantom of the Opera", "Dracula", and "Frankenstein", and launched stars like Lon Chaney and Rudolph Valentino. Louis B. Mayer, born in what is now Ukraine and raised in poverty in Canada, took that insight and systematized it. At MGM, he built the star system into a disciplined, contract-driven enterprise that produced the polished, big-budget films of Hollywood's Golden Age, including "The Wizard of Oz" and "Gone with the Wind," and cultivated stars like Clark Gable, Judy Garland, and Elizabeth Taylor.

Stars, Mayer argued, were not discovered. They were built, carefully and deliberately, out of talent shaped by institutional investment.

What Laemmle and Mayer built was bigger than a studio system. They built America's most powerful cultural export. By the 1930s Hollywood was projecting American stories, American ideals, and American images to audiences around the world. They did it not through government programs or cultural mandates but through risk, competition, and an accurate read of what audiences wanted. Two men who arrived in this country with little and found that the market rewarded vision are exactly the kind of story America's 250th birthday should be telling.



SARAH JOSEPHA HALE and the Nation She Helped Build

“What has made this nation great? Not its heroes, but its households.” Sarah Josepha Hale wrote that in 1835, and spent the next several decades proving it was not sentiment. It was a governing philosophy.

Widowed at 34 with five children, Hale did not wait for circumstances to improve. She wrote, she edited, and she advocated. As editor of *Godey’s Lady’s Book*, the most widely read magazine in antebellum America, she used her platform to argue that women were the intellectual equals of men and that denying them education was not just unfair but damaging to the country. Her argument was practical rather than ideological. If the nation was going to educate its children, it needed educated teachers. Women, trained and compensated fairly, were the answer. She helped make teaching a profession, and she helped make it one that women could enter and lead.

Her campaign for Thanksgiving was equally patient and equally determined. For nearly four decades she lobbied presidents, including Polk, Taylor, Fillmore, Pierce and Buchanan, to recognize Thanksgiving as a national holiday. Each declined. Abraham Lincoln finally said yes in 1863, in the middle of the Civil War. Hale’s argument for the holiday was not sentimental. It was civic. As the country grew and families spread across an expanding continent, she believed Americans needed a shared moment, a single day when people separated by distance would know that across the country, families were gathering at the same table. Unity through households.

She never ran for office. She never lobbied Congress for her own advancement. She worked through culture, through writing, through the quiet and persistent exercise of influence in the spaces that were available to her. In doing so she helped shape the professional landscape for women, the educational experience of American children, and a new national tradition that has come to define America.

The Ground-Level Work of Building a Nation

Hoiles, Laemmle, Mayer, and Hale did not wait for permission. They did not petition government for the resources to act on their convictions. They built, published, created, and advocated within the institutions available to them and, when those institutions were inadequate, they built new ones. That is the American story PRI is highlighting with our video series and lesson plans. A country that forgets how it was actually built will struggle to build anything worth keeping. These are the people who deserve to be in the classroom, and these are the lessons that make the next 250 years possible.

Anthony Velasquez, MBA, is Pacific Research Institute’s Communications Specialist. Nikhil Agarwal is a Research Associate at the Pacific Research Institute.

WATCH PRI'S VIDEO SERIES ON 250 YEARS OF AMERICAN EXCEPTIONALISM

Explore PRI's America 250 video series highlighting the people and ideas that shaped the nation.

<https://www.pacificresearch.org/pri-celebrates-america-250-videos-and-lesson-plans>

Anthony Velasquez

Ideas in Action: Highlights from PRI’s 2026 Annual Sacramento Conference

PRI’s 8th Annual California Ideas in Action Conference convened in Sacramento with the state at a major point of decision. A governor’s race is underway, state budget deficits are measured in the tens of billions, and voters have begun to connect policy choices to lived consequences. The diagnosis, as this conference made clear, is not in dispute. What is in dispute is whether Sacramento’s political class will stop pretending it is.

PRI president Sally Pipes opened the program with a clear directive: put the gold back in the Golden State by trusting markets, property rights, and personal responsibility over bureaucratic expansion. A renewed single-payer push, a looming wealth-tax ballot initiative, and refinery closures pushing gas past five dollars per gallon are not abstract policy debates. They are the predictable output of a governance model that has prioritized ideological ambition over economic math.





U.S. Attorney for the Eastern District of California Eric Grant built on those themes in a discussion with PRI's Steven Greenhut. California's aggressive legislating on immigration, climate, and separation-of-powers questions has turned federal courts into a standing corrective. Injunctions and shifting mandates are not just expensive. They make long-term planning structurally impossible for businesses and local governments. When lawmakers routinely push to the edge of what the Constitution and basic economics will bear, the courthouse becomes the real legislature. That is not governance. It is an admission that the original policy could not survive scrutiny.

Greenhut moderated a Free Cities Center panel on California's insurance crisis, which spoke of freedom and economics in the language of insurance and land use. California's wildfire crisis has exposed a triangle of policy failure. Carriers are retreating from the market, rebuilding costs are inflated by regulatory requirements, and regulators are blocking the risk-based pricing that would make coverage viable. Well-meaning intervention suppresses honest price signals, coverage becomes uneconomical, and the market collapses. The solution is equally clear. Let insurers price

risk accurately, reward mitigation over political connection, and remove the land-use layers that make rebuilding prohibitively slow and expensive. Socializing risk while politicizing price does not protect homeowners. It guarantees that coverage disappears.

Southern California chef and Huntington Beach Councilmember Andrew Gruel put a local face on the harmful effects of high-level policymaking as the keynote luncheon speaker. Wage mandates, expanding workplace rules, and a permitting culture drag down the narrow margins of small businesses, he argued. The same top-down impulse appears in state housing orders, homelessness mandates, and one-size-fits-all regulations that acknowledge no local variation. The argument is not complicated. You cannot simultaneously destroy the conditions under which businesses survive and then task city councils with cleaning up the social fallout on a shrinking tax base. If Sacramento wants safer streets, more housing, and functioning small businesses, it will have to extend more trust to local problem-solvers and exercise less appetite for statewide control.

The day closed with a question that tied every preceding panel together. Who inherits this mess? Political analyst Melissa Caen moderated the closing conversation with KQED's Marisa Lagos, Politico's Lindsey Holden, and Southern California News Group opinion editor and PRI senior fellow Sal Rodriguez on the 2026 governor's race.

The panelists discussed how Gavin Newsom's record is the minefield every candidate must navigate: structural deficits projected at roughly \$30 billion a year, a worsening housing and homelessness crisis, K-12 outcomes that rank among the worst in the nation, and a regulatory environment that has driven out businesses and high earners are what the next governor inherits. In a political environment dominated by one party and special interest constituencies, the speakers questioned whether the candidacy of any Democrat who speaks plainly about pension obligations, education monopolies, or public-sector contracts would succeed.

Anthony Velasquez, MBA, is Pacific Research Institute's Communications Specialist.


WATCH CONFERENCE HIGHLIGHTS
 Catch key moments and full panels from PRI's Sacramento conference.
<https://www.pacificresearch.org/sacramento-conference-2026/>



A FREE CITIES CENTER CONVERSATION

A Conversation with Rick Caruso: How to Rebuild LA Faster and Cheaper After the Wildfires

One year after the Los Angeles wildfires destroyed 7,000 structures, burned 300,000 acres, and eliminated thousands of jobs, the people trying to return home are still waiting. Waiting for permits. Waiting for plan checkers who are still working from home. Waiting for a recovery czar the mayor promised and never appointed. Waiting, in many cases, for bureaucracies at every level that have not delivered.

Rick Caruso is not waiting. The founder and executive chairman of Caruso, one of the largest privately held development firms in the country, launched Steadfast LA weeks after the fires and assembled teams of industry leaders who donated their time and solutions at no cost to begin pushing Los Angeles forward. What follows is his conversation with PRI's Steven Greenhut, conducted at his offices at The Grove in Los Angeles on the one-year anniversary of the fires.

Q: You were critical of the city early on about empty reservoirs, non-working hydrants, questions about pre-deployment. A year later, with the after-action report out, has your assessment changed?

Caruso: My assessment now is well documented by independent sources. The after-action report makes clear the fire department was not prepared, a conclusion corroborated by subsequent investigative reporting. The department allowed the original fire on January 1 to be left smoldering and called firefighters off, a major mistake. When the winds came up on January 7, that reignited the January 1 fire. Had that first fire been properly extinguished, or had an engine been pre-deployed, you wouldn't have had a fire. This is the largest urban disaster that could have been easily prevented, and the after-action work shows it was even worse than I initially suspected.

Q: The city has issued roughly 2,500 permits. Why is actual rebuilding still so slow?

Caruso: First, those 2,500 permits do not represent 2,500 homes. A single home can require five to ten separate permits: foundation, structural, grading, and so on. The core problem is plan checkers. In LA city, plan checkers have not been called back to the office since COVID. They are working from home. That is not acceptable when a large portion of your city has been destroyed. Get people back in the office. Put them in the Palisades where residents can walk in and meet with them directly. The county and city should simply say: if you lost your home, your permit will be approved within 30 days. That starts with culture at the top. Set the expectation, hold people accountable, and make sure it flows down. That management skill is currently lacking, and residents are paying the price for it.



Watch the full interview with Rick Caruso on PRI's YouTube channel.

www.youtube.com/PacificResearch1

Q: You started Steadfast LA a few weeks after the fires. What has it actually delivered?

Caruso: Steadfast is a nonprofit built on one idea: take discrete problems, assign expert teams, solve them, and hand the solutions to the city or county at no cost. We developed an AI model with Mike Hopkins at Amazon and Archar that completes plan checks in hours instead of months. We built a builder alliance of eleven home builders working together to offer standardized designs at dramatically reduced cost per square foot. We launched the Samara program using manufactured homes to get underinsured and elderly residents back faster. We're rebuilding Palisades Park. We run a small-business grant program to keep paychecks coming while the bureaucracy stalls. I am proud of what the team has done. The city has been open to working with us. We'd like them to move faster, but we keep pushing in a productive way.

Wayne Winegarden

If California is an economic powerhouse, then where are the jobs?

Read the new
PRI study "California
at a Crossroads" at
pacificresearch.org

Our political leaders optimistically crow about the state's future. Gov. Gavin Newsom calls the state "an economic powerhouse." From Biotech Beach in San Diego to Silicon Valley in San Jose, the future has often been invented in California. However, the Golden State is one of the world's largest economies because of its past achievements, not its economic prospects, which are an entirely different story.

Once a population magnet, the state's emigration problem persists. The governor highlights the return of population growth, but this is due to international immigration. Californians continue to move elsewhere to a much larger extent than residents from other states move here.

California's economy has been stagnant relative to the rest of the country since 2021 when the state accounted for 14.5 percent of the national economy – its peak contribution. Today, it accounts for 13.8 percent. Had the state simply maintained its 2021 peak share, California's economy would be 4.6 percent larger today – the equivalent of an additional \$14,000 for every household.

Along with the diminished growth in economic activity, the state is no longer creating new job opportunities. Over the first two decades of the 21st century, job creation was stronger in California compared to the rest of the country; the growth in private sector jobs, the jobs that drive innovation and foster prosperity, were also faster.

Following the COVID lockdowns and recession, jobs in California grew on average around one-third as fast annually as the rest of the country. And the news is even worse than this comparison indicates.

Health care jobs, while essential, have different economic drivers than other private sector jobs. Excluding the jobs associated with the health care and social assistance industries, there are fewer private sector jobs in the state today than before the COVID recession. Growth in small businesses, another essential metric, has been average at best.

While less flashy than jobs creating artificial intelligence, a vibrant entry level job market is essential for any state hoping to expand the breadth of economic op-

portunity. Entry level jobs teach valuable work skills to people who lack them but are hoping to start climbing the economic ladder. Their loss will derail people's economic opportunities before they have a chance to start.

These job losses are to be expected from a declining economic power, not that of an "economic powerhouse." Such is California's difficult position. Without a course correction, the state's economic prospects are troubling.

The course correction needed is not mysterious. California's growth in jobs and economic activity is faltering because Sacramento politicians have been driving away businesses, families, and wealth for years. California businesses continue to leave the state while businesses from other states are hesitant to set up shop here.

Analyses documenting why there is an exodus of people and businesses from the state consistently cite the same culprits. The state overtaxes and overregulates making California an unappealing place to live.

California levies the highest state personal income tax rate (13.3 percent) in the country and one of the highest corporate income tax rates (8.84 percent). The maze of regulations including labor regulations and the California Environmental Quality Act (CEQA) drive up the cost of doing business. Environmental mandates, such as the state's cap and trade program, drive up the cost of energy, further increasing business costs.

It's not just businesses that are being driven out by these policies either. High taxes and burdensome regulations have created the growing unaffordability problem, which is driving away families who are discovering that they can obtain a higher quality of life for less outside of the Golden State. Accelerating the vicious cycle, businesses, aware that the state is unattractive to families, are then further incentivized to either leave or not expand their business to California.

California's economic leadership is undeniably in jeopardy. Californians are becoming too familiar with slowing income growth, falling job opportunities, and ever rising costs of living.

Wayne Winegarden, Ph.D. is a Senior Fellow in Business and Economics at the Pacific Research Institute.

Sally C. Pipes

Red tape is strangling rural health care It's time to cut it



Rural America is running out of doctors.

According to a recent report from the Commonwealth Fund, 43 million Americans now live in rural communities facing a shortage of primary care providers.

This shortage isn't new. It's been reality for rural America for decades. And it helps explain why patients there experience higher rates of chronic illness – and die sooner – than their urban counterparts.

At first glance, the problem seems simple – too few doctors and nurses. But if that's the case, why have so many states adopted regulations that restrict the supply of care?

Our leaders need to scrap those regulations and simultaneously invest in efforts to train more healthcare providers locally.

Consider scope-of-practice laws, which limit what kinds of care nurse practitioners and physician assistants can deliver to patients, and how they can do so. In states such as Texas, Oklahoma and California, nurse practitioners must work under the supervision of another healthcare provider, generally a physician, for their entire career.

Physician assistants must deal with similar restrictions.

Many of these highly trained professionals could treat patients immediately in rural communities that desperately need them. Instead, they're sidelined by regulations that make it illegal for them to use the full extent of their education.

Rolling back these rules would quickly expand access to care.

Certificate-of-need laws are another barrier. These rules force would-be providers to convince state

officials that a community needs a new clinic or facility before one can open.

They also offer incumbent providers the chance to lobby against the entry of competitors. What incumbent wouldn't want the government to outlaw its competition? That's exactly what certificate-of-need laws can enable – to the detriment of patients.

In any other part of the economy, high prices and long waits are signals for entrepreneurs to enter the market. In healthcare, CON laws replace market signals with bureaucratic permission slips.

" Rural America is running out of doctors.

Eliminating these laws would make it far easier for doctors and other clinicians to practice in underserved parts of the country.

Of course, paring back rules and regulations can only do so much. Rural America also needs a more robust pipeline of physicians.

Fortunately, there's evidence that doctors trained in rural settings often choose to stay. A recent study in the *Journal of Graduate Medical Education* found that residents who complete at least half their training in rural communities are five times more likely to end up practicing there.

Philanthropy could help build that pipeline of rural medical talent. Americans donated just under \$600 billion to charity in 2024. Steering even a small portion of that sum to things like rural residency programs could begin to narrow the rural physician gap and eventually deliver huge returns for public health.

Rural America is in need of intensive care. Market forces can address that need – if we let them.

Sally C. Pipes is president, CEO and Thomas W. Smith fellow in healthcare policy at the Pacific Research Institute.



Kerry Jackson

Sanders, Wealth Tax Proponents Could Chase \$30 Billion in Revenue Out of State

U.S. Sen. Bernie Sanders is not a Californian, but it is clear that he'd fit right in with a large faction in the state. He showed up in Los Angeles on Feb. 18 at a pro-tax rally in which he "delivered a fiery warning to what he called the 'billionaire class.'" He was there, reports *CalMatters*, "to drum up support" for the billionaire tax that might appear on voters' ballots this fall.

No matter where Sanders is from, no matter how zealous he is about battling the oligarchy, the fact remains that the proposed billionaire tax is not what the state needs. Even Democratic Gov. Gavin Newsom says so.

"There's impact as it relates to the flow of capital, the impacts on the market, which are not inconsequential," the governor has said.

Newsom has also acknowledged the tax would be "really damaging to the state." From a dry analytical standpoint, the tax simply doesn't add up, due to some "unpleasant arithmetic."

One problem, says PRI senior fellow Wayne Win-egarden, is that because the tax has the potential to

chase away California's 200 or so billionaires, the state could "lose \$30 billion in annual personal income tax revenues." At the same time, the billionaire tax "would also limit the annual expenditures from the one-time wealth tax to \$25 billion each fiscal year."

So, "In other words, the state is risking a recurring \$30 billion loss in personal income tax revenue for the hope of getting a \$25 billion revenue boost."

Is it possible that revenue is not the primary goal but punishing the wealthy is? Is the objective to tax them entirely out of that income bracket or until they become fed up and leave?

Yes, it is.

One wishes that were not the case, though. Billionaires make an economy hum and California needs them — much more than it needs Bernie Sanders' input.

Kerry Jackson is the William Clement Fellow in California Reform at the Pacific Research Institute.

Steve Smith

Legislature's Anti-ICE Measures Would Bring Unintended Consequence of Betraying California's Veterans



The Coast Guard motto is *Semper Paratus* – Always Prepared. Yet new legislation targeting Department of Homeland Security employees will leave California less prepared.

Assembly Speaker Robert Rivas (D- Hollister) and Assemblymember Mark Gonzalez (D- Los Angeles) have announced *Assembly Bill 1896*, legislation to bar Department of Homeland Security employees who participated in immigration enforcement during the second Trump administration from holding any public employment in California—including peace officer positions.

The consequences would be particularly stark for the members of the U.S. Coast Guard. Unique among the armed services, the Coast Guard is both a military branch and a federal law enforcement agency. It has been under DHS since 2003, making it the only service not in the Department of Defense. The Coast Guard's statutory missions—ports and coastal security, search and rescue, drug interdiction, marine environmental protection, migrant interdiction, and defense readiness—are essential to California's safety and economy.

Reservists deserve special attention. Coast Guard reservists live and work in California often as full-time public sector employees while remaining subject to recall for federal duty.

They perform dual roles: maintaining civilian public safety and answering lawful federal orders for maritime interdiction, disaster response, and defense readiness when on active duty. Broad bans on DHS service would jeopardize their civilian careers, deter reserve recruitment, and strain the many state and local agencies that rely on these experienced personnel.

If the Legislature seeks accountability for specific actions by ICE or Border Patrol agents, it should draft narrowly targeted measures addressing identifiable wrongdoing rather than imposing blanket bans that punish lawful service. Otherwise, California will risk sidelining experienced public servants, undermining reserve readiness, running afoul of veteran preference protections, and further shrinking an already limited pool of qualified candidates for critical state roles.

Lawmakers can and should pursue justice without sacrificing public safety or betraying the men and women who have served our country in the U.S. Coast Guard.

Steve Smith is a senior fellow in urban studies at the Pacific Research Institute.



Matthew Fleming

Price controls won't save credit card borrowers

Americans are drowning in credit card debt, but President Donald Trump's suggestion to cap interest rates at 10% for one year is not a particularly good solution.

On its face, it sounds great. Americans largely hate banks and Trump's suggestion gives the Robinhoodish illusion of robbing the rich to give to the poor. Lowering a borrower's interest rate by half or two thirds would certainly alleviate some pressure.

But while current borrowers might enjoy temporary savings, they would still be mired in debt. Future borrowers would find themselves unable to get credit – a huge economic loss.

But are rates the problem or merely a symptom?

We don't have definitive answers to these questions, since every individual has a different financial situation. But the policy would end up doing more harm than good.

Debt crisis

There was approximately \$1.2 trillion in total credit card debt in Q3 of 2025, which was a 6.14% increase from the previous year. That comes to an average of nearly \$6,000 per cardholder.

This is particularly important considering half of households have less than \$8,000 in savings and only 46% of adults have enough savings to cover three months of household expenses.

Studies show that people are carrying debt on their credit cards for all sorts of purchases, like car repairs, vacations and medical bills.

But by far the largest category of expenditures causing debt is day-to-day expenses. This suggests that a plurality of people is struggling to get by.

At least 21% of those with credit card debt report they've had it for five or more years. The sad truth is that when consumers start carrying a balance on their credit cards and pay an average rate of around 20% (some lower, some much higher), the debt builds quickly and becomes difficult to escape.

Profits

In 2024, credit card companies saw approximately \$160 billion in revenue (not profit) from interest charges and an estimated \$187 billion in swipe fees, which are their two main sources of revenue.

That sounds like a lot, but there's a fair amount of risk involved too. In 2024, companies lost more than \$60 billion to charge offs (when it's determined the borrowers will never pay) – the highest since 2011.

Credit cards are priced to allow for this risk and artificial caps on interest rates would likely lead to companies managing this risk by denying credit to borrowers considered higher risk.

Price controls are bad

Price controls are generally considered bad economic policy because they misallocate resources, lead to shortages and, among other things, force consumers to turn to significantly worse options.

Illinois lawmakers tried imposing a 36% interest rate cap a few years ago, which researchers estimated reduced the number of loans to subprime borrowers (those with credit scores of around 620

or less) by 38%. Ironically, the policy *increased* the number of loans made to people with good credit by 7%.

Limited help

The most disastrous impact of this policy is that it would hurt access to credit for young, working class, or lower-income borrowers. Absent credit, they may forgo emergency purchases such as essential car repairs or medical treatment or seek loans from lenders with even harsher terms.

Instead of rate caps, Trump could consider interest rate training for borrowers, like the ones borrowers receive when taking out student loans. These courses are annoying, but they give borrowers a picture of what to expect.

Trump could also promote good habits, like saving more cash or delaying non-essential purchases. He could look for ways to reduce the cost of living, like reducing tariffs. Or he could work with Congress to set a better example when it comes to budgeting and debt.

Heck, Trump could invite some of the top banking executives in the country to the White House to come up with a strategy to help alleviate the credit card debt crisis.

Just about anything would be better than a rate cap.

Matt Fleming, MBA, is Pacific Research Institute's Communications Director.

" The most disastrous impact of this policy is that it would hurt access to credit for young, working class, or lower-income borrowers.

Anthony Velasquez

Death by a Thousand Cuts: Andrew Gruel on the Cost of Regulations for California Restaurants



When people ask what it takes to run a restaurant in California, the answer is rarely what they expect. Chef Andrew Gruel described it bluntly: "When anyone asks me what I do for a living, I tell them I run a nonprofit. It's not a 501(c)(3). It's just a restaurant." Margins are thin, costs are high, and even small operational changes can determine whether a location remains viable.

The challenge is not a single overwhelming regulation, it is accumulation. California layers rule upon rule, each one defensible on its own. Over time, those requirements reshape how restaurants hire, price, expand (or not), and compete. What appears manageable on paper becomes costly in practice.

Recent requirements illustrate the pattern. In California, bars and nightclubs with a Type 48 liquor license must offer drink-spiking detection devices and display prominent signage under a law that took effect July 1, 2024 and is set to expire in 2027 unless lawmakers renew it. At the same time, the mandate shifts additional responsibility to the business. As Gruel noted, failing to provide the required kits can add to a venue's legal exposure if something goes wrong. That shifts liability from the individual committing the crime onto the restaurant. Even well-run establishments take on another layer of compliance risk.

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California's labor rules are equally rigid. Meal and rest break timing is tightly structured, and documentation matters. Under state law, missed or noncompliant breaks require an extra hour of pay per day per type of violation, even when the error is unintentional. Gruel described a situation involving a mother and daughter who both worked at the restaurant and wanted to eat lunch together. The daughter's schedule meant she could not arrive until later, so the mother worked through her meal break so they could sit down and eat before she left. As Gruel explained, "She wasn't saying anything to us because she just thought we'd be cool with it."

The problem arose when payroll records were reviewed and the timing did not align with the state's requirements. Once a deviation appears on paper, discretion disappears. Even when both employer and employee prefer the arrangement, the law treats it as a violation. A voluntary accommodation between a mother and her employer had to end because the rules leave no room for common-sense flexibility.

The minimum wage debate is often framed around fairness. The economic question is whether government price controls on labor improve outcomes. In 2011, when California's minimum wage was significantly lower, Gruel chose to start employees at \$20 per hour to attract and retain stronger candidates. Paying above market reduced turnover and improved stability.

When the state mandates a higher wage floor across an entire sector, that differentiation narrows. Employers who once stood out no longer do, and busi-

nesses operating on thin margins adjust elsewhere. Gruel argued the results were predictable under AB 1228, describing job losses and heavier workloads for remaining employees.

One study using payroll data estimates that fast-food employment in California fell by roughly 2.7 to 3.6 percent relative to the rest of the country after the \$20 wage was enacted. When labor costs rise by mandate, operators raise prices, adjust staffing levels and hours, or invest in automation.

Employee preferences also reflect incentives. When Gruel explored replacing tips with a higher guaranteed hourly wage, many employees resisted. "They all said no. They don't want that." The potential upside of tipping, including the possibility of earning \$100 per hour on a strong night, outweighed the predictability of a capped wage.

California does not lack talent or entrepreneurial ambition. The question is whether its rules allow well-run businesses to compete on quality and efficiency or force them into constant defensive compliance. Protecting workers and consumers is a legitimate goal. Policy should be judged by results. If layered mandates contribute to higher prices, fewer jobs, and fewer independent operators, the structure warrants review.

Anthony Velasquez, MBA, is Pacific Research Institute's Communications Specialist.



Lance Izumi

How a Private Scholarship Fund Makes a Difference for Kids at a California Catholic School

As parents in California wonder whether Gov. Gavin Newsom will decide to participate in a new federal school-choice program that could help kids in need of an alternative to the state's failing public schools, The BASIC Fund, a private scholarship program, is providing parents an opportunity to send their children to schools that best meet their needs.

Based in Oakland, The BASIC Fund is California's largest non-denominational PreK-8 organization that gives needs-based scholarships to low-income children to help pay for tuition at private schools. The BASIC Fund gives families the opportunity to choose from among more than 250 private schools in nine Bay Area counties.

One of those schools is Kolbe-Trinity School in the City of Napa, which has 23 BASIC Fund scholars. The TK-12 Catholic school uses a classical education model focused on the seven liberal arts. According to the school, classical education "teaches that our pursuit of knowledge is good, that truth is obtainable" and "created the world's greatest thinkers: Pythagoras, Socrates, Plato, St. Augustine, St. Thomas Aquinas, to name a few."

Charlise, a fifth grader who has received a BASIC Fund scholarship since first grade, is a thoughtful, articulate young person who loves her education at Kolbe-Trinity. "I like everything about this school," she told me. She is enjoying Latin, studying Greece and key figures such as Plato, Aristotle, and Socrates in history, and learning to multiply fractions in math. She demonstrated her know-how by solving fractional multiplication problems I put before her.



Charlise's older sister Addalyn is an effervescent ninth grader who has attended Kolbe-Trinity since fifth grade on a BASIC Fund scholarship. Her parents had been dissatisfied with the moral foundation of her previous public school and planned to homeschool her—until they visited Kolbe-Trinity and she immediately liked it. The scholarship made tuition affordable.

Addalyn's current classes include physics, humane letters, English and grammar, algebra, theology, and PE. She especially loves English because she enjoys writing creatively—she is currently writing a book about her own life.

When asked about public school, she said they are “wild,” citing alcohol, vaping, drugs, and campus violence—her mom witnessed three fights in a single day at her previous school. She said Kolbe-Trinity is much safer, which aligns with why parents support school-choice options. She also noted that public schools “don't stop to see if you're not doing well,” whereas Kolbe-Trinity focuses on “making sure you learn the material,” with teachers who genuinely care about students.

One such teacher is Cindy Mudge, a catechist who teaches three- to five-year-olds about the Catholic faith. She helps her young students discover “that Jesus is the Good Shepherd, knows their name, and cares much for them,” quoting Scripture: “let

us consider how to stir up one another to love and good works.” The ability of a Catholic school to expose children to a source of love that secular public schools cannot is a key reason so many families seek out this educational alternative.

While The BASIC Fund gives students like Charlise and Addalyn a better, safer, and more grounded education, the organization could serve many more children with additional scholarship funding—which may be possible through a school-choice tax credit in the One Big Beautiful Bill Act that President Trump signed last year.

Taxpayers who contribute to scholarship-granting organizations like The BASIC Fund can receive a dollar-for-dollar tax credit of up to \$1,700. The potential for scholarship expansion is significant—but governors must opt-in for their state's children to benefit. So far, 27 governors have opted in, including progressive Democrats like Colorado's Jared Polis. Gavin Newsom, who sends his own children to a private school, has not announced whether he will opt California in. If he wants to give needy children the same opportunity his own children enjoy, he should opt in and give organizations like The BASIC Fund the resources to improve education for more of the state's children.

Lance Izumi is senior director of the Center for Education at the Pacific Research Institute.

Pam Lewison

‘Bridge payments’ to nowhere: time for ag to find its own path

The Trump administration recently announced \$12 billion in “bridge payments” for American farmers and ranchers to provide relief from tariffs and “other economic challenges.”

American farmers and ranchers are suffering. The national Farm Aid suicide prevention hotline has reported an increase in calls year-over-year and farm bankruptcies for 2025 have already surpassed all of 2024's combined filings.

The Farmer Bridge Assistance program allocates nearly \$11 billion to primarily row crops and an additional \$1 billion to specialty crops and sugar.

The industry greeted the announcement of the FBA with relief but an insistence that farmers and ranchers of the U.S. wanted a stable farm market rather than “handouts.” National Farmers Union President Rob Larew stated that “Short-term payments, while important, are only a first step. What we truly need are long-term structural fixes that restore viability and stability to family farms and ranches for generations to come. In real-time, we are experiencing the consequences of farm policy that is woefully outdated... Input costs remain high, trade relationships are uncertain, access to affordable health care is in danger and the stress on rural communities continues to grow.”

Although the payments are welcome in the short term to deal with the problems created by the uncertainties in the economy and trade policy, many farmers would prefer to see a reduction in government regulation and negotiate freely in markets at home and abroad. The many layers of federal and state regulations mean that on top of the uncertainties of the weather and commodity markets, those

in the agricultural sector must also try to navigate unpredictable public policy. Those regulations have distorted crop decisions, leaving some more vulnerable to weather and price shocks and more reliant on government programs and political favor.

Rather than reinforcing the current structure of the farm economy in the United States, it is time to consider a new model that takes into account what foodstuffs are currently on the market and better encourages growers to adapt to new demands when and where they can. For example, the global production of soybeans continues to outpace demand, incentivized, in part, by government policy.

The FBA will operate no differently than previous payment programs, requiring eligible farmers and ranchers to have accurate acreage reports filed with their local Farm Service Agency. To be “eligible” for payments, farms or ranches must earn less than \$900,000 in adjusted gross income and are not required to participate in the crop insurance program.

Fundamentally, programs like the FBA fail because the side-rails for participation are minimal. The total payment limit for a farm/ranch or individual is \$155,000. If someone were interested in gaming the system, there is technically no rule against filing on behalf of the farm, then filing for additional claims for individuals connected to the farm. If each of those awardees were given the maximum allowable payment, it could amount to a significant payment, arguably a payment significantly larger than an individual farm might expect in a normal crop year.

In the long-term, farms and ranches are going to have to adapt to a changing agricultural environment that provides better opportunities for individual operations to weather market volatility. The prolonged economic instability in agriculture does not appear to be on an upswing soon. Now is the time for farmers and ranchers to begin evaluating how to diversify their production practices and portfolios to be better equipped for what comes next rather than waiting for another check from Uncle Sam.

Pam Lewison is a fourth-generation farmer, Pacific Research Institute fellow, and ag research director for Washington Policy Center.

Honors and Celebrations

Racing Through Paradise: The William F. Buckley, Jr. Centennial Sail and Dinner Balboa Bay Resort and Club in Newport Beach, California

with Chuck DeFeo, Chief Executive Officer of National Review, Inc. and National Review Institute; Charles Kesler, editor of the Claremont Review of Books; Peter Robinson, senior fellow of the Hoover Institution; and Lawrence Perelman, author of American Impresario.



Freedom Fest 2025

PRI's Tim Anaya discusses his book *The California Left Coast Survivor's Guide* at Freedom Fest 2025 in Palm Springs. While there, he gave an interview on his book to C-Span's Book TV, which aired dozens of times to a national TV audience.



An Evening Reception with Gordon Chang

PRI senior fellow and foreign policy expert Gordon Chang discusses whether the China, Russia, North Korea, Iran and India alliance represents a new "Axis of Powers" at a PRI reception in Pasadena.



Young Leaders Circle Events – Hiking / Top Golf



PRI's America 250 Kickoff Event: Conservatism Past, Present, and Future with Matthew Continetti, Steven Hayward, and Charles Kesler



Evening Reception with Jason Riley



Dinner with Jonathan Turley: Is There A Constitutional Crisis?





Pacific Research Institute for Public Policy
Post Office Box 60485
Pasadena, CA 91116
(415) 989-0833

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