

**THOMAS JEFFERSON
INSTITUTE
FOR PUBLIC POLICY**



Annual Report 2007

Jefferson Institute Continues to Impact Public Policy

Va. GOP Seizes on 'Red-Hot' Concern

Illegal Immigration Campaigns Across the State

NITA KUMAR
Washington Post Staff Writer

As Virginia Senate candidate Rob FitzSimmonds heads out each day to knock on doors in Prince William County, he has extra copies of his latest issue, the one addressing illegal immigration. Michael Thompson, executive director of the Thomas Jefferson Institute for Public Policy, a conservative think tank based in Fairfax, said: "Immigration can be an issue, but is a short-term problem. This fall worth long-terms? Look at what happened in California. The Republican Party became known as mean-spirited, anti-immigration party and went from success to almost overnight..."

Kaine scales back cost of pre-K plan

Cheaper proposal would still serve more students

ria for how they admit children, most children from middle- and upper-income families likely would not qualify.

"I think the fact that it has been reduced significantly in scope is a recognition of reality," said Christian N. Braunlich, vice president of the Thomas Jefferson Institute for Public Policy. Braunlich has been critical of the governor's plan.

Kaine told reporters yesterday afternoon, "I would say that the program was designed based on educational reality. . . . The fact that the price tag is more realistic gives the budget situation that we are in now obviously will help. But look, I'm just going to do all that I can between now and the beginning of the legislative session to convince folks that this is the best kind of investment that we should make . . ."

"And I'll get continuing questions about cost that are fair questions," he

former self.

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THE WASHINGTON POST

METRO In Brief

VIRGINIA

Nonprofit Criticizes Fairfax's Spending

A nonprofit watchdog group in Fairfax said last week that the county could have saved about \$611 million over the last three years if it had limited spending to the rate of inflation and population growth.

The Thomas Jefferson Institute, a Springfield-based group that includes both Republicans and Democrats on its steering committee, did the analysis. It said the county would have had to change

"It's incumbent on those who oppose to tell us where the data are wrong," he said after Kaine's comments.

THE FORUM

Abuser fees budget deficits pre-K and the elections

In this election year, there is an unsettled feeling among the electorate that hasn't jelled yet, but you know it's there.

With the housing bubble beginning to burst last fall and winter, the legislature still the two-year budget ea

Now there are projection in the current bud the next two years.

But candidates aren't deficits. No one seems the size of government problem.

No one is reminding grew from \$48 billion t year period.

Instead of focusing on the deficit, the governor is promoting a major initiative which is highly expensive. Some liberal groups say this new program will cost more than \$800 million a year.



Michael Thompson



The Jefferson Journal
Michael W. Thompson

Making Government Work

Innovation in state government is not an oxymoron. The Productivity Investment Fund acts like an in-house venture capitalist to underwrite projects that spur superior efficiency and service.

Heightened interest in the issue has prompted a surge of proposals

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The Op/Ed Page for Virginia's New Economic ARCHIVES

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January 2007

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Volume 4 • Number 5

The Thomas Jefferson Institute for Public Policy

By Richard Harless

In 1995, Michael W. Thompson

states had non-profit organizations that made it their mission to develop practical solutions to

only with problem-solving, efficient government and "transparency." He refers to the institute

From the Chairman & President*Jefferson Institute Continues to Impact Public Policy*

During 2007, the Thomas Jefferson Institute saw several of its ideas become public policy: the state government opened its doors to more transparency and better management techniques; the General Assembly used the newly re-designed Executive Budget to cut government programs just as the Jefferson Institute hoped when we first suggested this budget management tool; important school choice legislation passed the Senate for the first time and other school reform legislation passed the House based on our ideas; a dramatic increase in universal pre-K was defeated thanks to the research provided by the Jefferson Institute; the no-till farming technique advocated by us for cleaning up the Chesapeake Bay began to be promoted by the state government; and key leaders began listening carefully to our geo-engineering ideas for rationally confronting temperature rise without harming our economic vitality.

We continued to work with key legislators, government officials and business leaders to bring fresh, new and workable ideas to solving some of our most critically important problems. We have learned from ten years of working on sound good government ideas that changing government takes time. But change is coming and much of it is based on the ideas first brought to the public policy forum by the Thomas Jefferson Institute.

The Jefferson Institute continues to be the state's most respected independent public policy foundation. Some of our ideas have been adopted by state government through executive action and some have been passed into law by the General Assembly. We expect more and more of our ideas to become policy in the years ahead because we have carefully built a reputation for solid research and reasonable/creative ideas for better managing government, educating our kids in public schools, and improving our environment without harming our economic future.

No organization can be successful without the active support of its Board of Directors. I deeply appreciate all the help our Board brings to our activities. And, of course, those who financially support our work make all of this possible. Without this financial support the successes enjoyed in 2007 could not have happened. And these successes benefit all Virginians and our success will continue in the years ahead.

A handwritten signature in purple ink that reads "Michael W. Thompson". The signature is written in a cursive, flowing style.

Michael W. Thompson
Chairman and President

Center for Government Reform

In 2007, the Thomas Jefferson Institute continued to promote reforms in state and local government and further build its relationships with elected leaders and the business community to advance better ideas for managing government. Our research and analysis continued to promote efficiency, transparency and accountability of government. And we once again enjoyed some significant success.



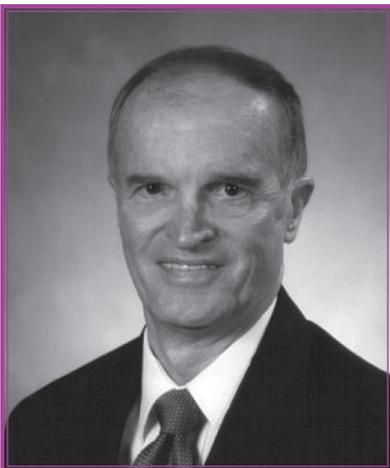
*Former Delegate Jack Rust,
Jefferson Institute
Board Member*

Former Delegate Jack Rust, highly respected on both sides of the political aisle, serves on the Board of Directors of the Thomas Jefferson Institute and oversees the Center for Government Reform. His expertise and deep understanding of the way state government works is a huge asset to the work of this foundation. Those attributes were the reason Attorney General Robert McDonnell appointed Rust to chair his Regulatory Reform Commission.

Expanding its efforts to bring better management to state and local government, the Jefferson Institute worked with two well-respected experts as Senior Fellows for Government Reform. The first, Leonard Gilroy, also serves as Director of Government Reform at the highly respected Reason Foundation. Gilroy brings to the Jefferson Institute a reservoir of knowledge from his work with state and local governments around the country. He brings a deep understanding of true government reform to our efforts in making government more efficient and transparent and bringing measurements and accountability to government programs.

Our other Senior Fellow for Government Reform is Phil Bomersheim, the nationally recognized former Executive Director of the highly acclaimed Commonwealth Competition Council. Bomersheim brings a vast knowledge to the Jefferson Institute's Center for Government Reform. The first project Bomersheim worked on with the Jefferson Institute was to begin the process to gain approval from the state government to use

the highly acclaimed COMPETE software program developed by Bomersheim for the Commonwealth Competition Council. This software program allows government agencies to get a "true cost" handle on price of an agency's activities. This software program has not been used by Virginia and the Thomas Jefferson Institute hopes to secure approval to lease it, update it and begin to promote its use to state and local governments. The knowledge and expertise provided by Jack Rust, Len Gilroy and Phil Bomersheim helps the Jefferson Institute work with state legislators, the Cost Cutting Caucus, county and state officials, and business leaders who believe government can be managed in a more business-like fashion.



*Phil Bomersheim,
Senior Fellow at the
Jefferson Institute*



*Leonard Gilroy,
Senior Fellow at the
Jefferson Institute*

Government Efficiency Moves Forward

Since the Thomas Jefferson Institute opened its doors in 1997, it has worked hard to promote better business practices and more transparency in state and local government. When it started, the Jefferson Institute found little access to state government information without substantial research and stacks and stacks of paper. Thanks to the vast expansion of the internet over the past years and the Jefferson Institute's ability to work successfully with leaders in the Executive Branch and the General Assembly much more information is now publicly available.



Delegate Chris Saxman

The Thomas Jefferson Institute has worked with the Cost Cutting Caucus since it was formed to make state government more transparent and cost effective. Delegate Chris Saxman (R-Staunton) is the Chairman of the Cost Cutting Caucus. A close working relationship has been developed between Saxman and the Jefferson Institute as they work together to forge a more cost effective government. Several important pieces of legislation and Executive Branch reforms have become reality thanks to this relationship. One of the most important successes has been the vastly improved state Executive Budget first promoted by the Jefferson Institute in discussions with legislators in 2004, and in a major study in 2005. Working with the Cost Cutting Caucus and the Governor's Office, this new "more user-friendly" budget document provides information for better analysis and review.

Thanks to this more transparent budget, the General Assembly in 2007 took its first steps to whittle down state government. Three programs were taken out of the budget and two new programs were denied funding. It is expected that as the legislators become more comfortable with using this new budget document and other management resources now available to them, substantial budget savings will be realized.

For several years, the Thomas Jefferson Institute called for management reviews of how government works and where savings could be found. But before such reviews could be accomplished, basic management information needed to be compiled and made available. This took some time but that effort became reality through two important data based websites in state government.

The Jefferson Institute worked for years with the Governor's Chief of Staff William Leighty, Cost Cutting Chairman Chris Saxman and the former Senate Majority Leader Walter Stosch to make state government more transparent to the taxpayers.

Three important items clearly illustrate the Jefferson Institute's success in this long-term effort to reform state government.

First, the easier to understand re-designed Executive Budget Document is now reality. This was a direct result of the Jefferson Institute's efforts.

Another advance in public transparency of the state government is the Auditor of Public Accounts' website called, "Commonwealth Data Point." This compilation and publication of state information was another result of the work by the Thomas Jefferson Institute. Senator Walter Stosch sponsored legislation that passed the General



Bill Leighty, Former Governor's Chief of Staff for Governors Warner and Kaine

Assembly requiring the Auditor's office to make available on its website a substantial amount of information about how the state spends money.

The third major advance in 2007 of the Jefferson Institute's "government reform" program was a series of "Operational Reviews" that were completed under the guidance of then-Chief of Staff Bill Leighty. These reviews of government spending were focused on the following areas: energy, water, fleet management, travel, communications, mail and solid waste. Bill Leighty managed this effort and had it well on track when he retired from state government in the fall of 2007. Tens of millions of dollars were identified in potential savings. The Jefferson Institute will keep focused on these possible cost savings and highlight those that are implemented and those that are not.

These recent management tools, available to the public, offer a great deal of information. The Jefferson Institute will now focus on using this information to highlight how state government can continue to become more efficient in its use of taxpayers' money. These tools are a good beginning and the Jefferson Institute is proud of its role in making them a reality.

Fairfax County Budget Report Hit a Raw Nerve

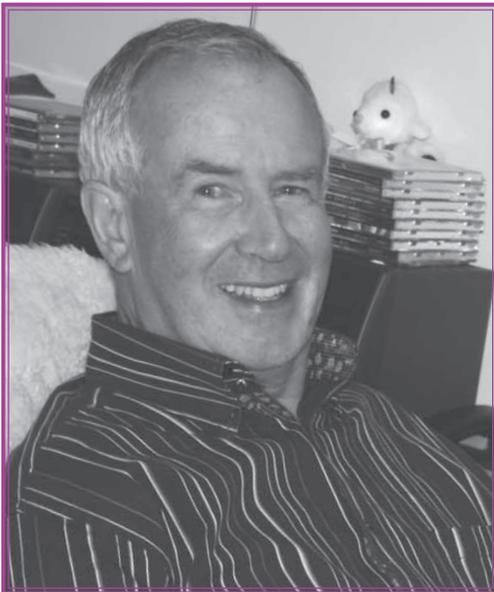
Each year the Thomas Jefferson Institute issues an analysis of spending by Virginia's largest jurisdiction, Fairfax County. The analysis shows what Fairfax County spends over a four year period and what that spending would have been had its annual increases been limited to the growth of population and inflation. This analysis has been done each year by the Jefferson Institute since 2002 and is based on the work of a Fairfax County Blue Ribbon Commission created under the leadership of former Chairman of the Board of Supervisors Tom Davis.

In 2007, the Fairfax County Executive challenged this report through a poorly researched and historically faulty analysis that only highlighted the problems of government spending and clearly showed Fairfax County wants absolutely no independent oversight of its spending. When confronted with the facts and the faulty analysis of the County Executive's comments about the Jefferson Institute's annual budget analysis, the county simply did not respond. It had clearly misrepresented the Jefferson Institute's budget analysis and got caught doing so. The Jefferson Institute made all of this public and the correspondence and editorials remain on the foundation's website.



This annual budget analysis clearly showed that had spending increases been limited to the rate of inflation and population growth (as was recommended many years ago by a stellar group of business and academic leaders in Fairfax County) the severity of the budget crisis facing this county simply would not exist. Fairfax County has spent much too much in the past and that only aggravates the financial problems faced in that jurisdiction when the economy slows.

Innovations Conference Focuses on Best Practices



Maurice McTigue, Mercatus Center Vice President

In December, the Jefferson Institute hosted its annual Innovations in Government Conference in Richmond and the theme was, “Modernizing Government through Best Practices.” The Jefferson Institute’s conference was sponsored by the Mercatus Center at George Mason University and the partners in this conference were the Office of the Governor and the General Assembly’s Cost Cutting Caucus.

Scores of state government agency executives attended this conference to hear top notch speakers including: Secretary of Finance Jody Wagner; Secretary of Technology Aneesh Chopra; Cost Cutting Chairman Chris Saxman; Mercatus Center Vice President Maurice McTigue; Mercatus Senior Research Fellow Dr. Jerry Ellig; former Governor’s Chief of Staff William Leighty and the past Executive Director of the Commonwealth Competition Council Phil Bomersheim.

These key government officials and experts on government efficiency

discussed how to bring better management practices to the way state government is run. During this “Innovations Conference” the Jefferson Institute presented special awards to two state leaders who have worked long and hard to bring better practices to state government. These awards were given to Bill Leighty, former Chief of Staff to Governors Mark Warner and Tim Kaine, and the Chairman of the Cost Cutting Caucus in the General Assembly, Delegate Chris Saxman.



Special leadership awards presented by the Jefferson Institute to the Governor’s former Chief of Staff, Bill Lieghty, and Cost Cutting Caucus Chairman, Delegate Chrs Saxman, at the Annual Innovations in Government Conference.

Congressman Tom Davis Again Supports the Institute



Congressman Tom Davis

Once again in 2007, Congressman Tom Davis showed his continued support for the Thomas Jefferson Institute.

Congressman Davis, former Chairman of the Government Reform Committee in the House of Representatives, sent a personal letter to all Institute donors and to key business executives praising the work of this public policy foundation and requesting support for the work being done in Virginia. And he met at a private dinner with 60 key business leaders and Institute donors to discuss issues facing the United States and those we need to confront here in Virginia. He mentioned his long relationship with the Jefferson Institute and that there is no better independent group in our state that does the kind of research and innovative thinking than does this public policy foundation.



Supervisor Pat Herrity



Delegate Dave Albo

At this special private briefing, veteran Virginia Delegate Dave Albo (R-Fairfax County) spoke highly of the work that the Institute does in making government more efficient and he highlighted the success of the public private partnership that brought a new high school to his district at a savings of millions of dollars. Newly elected Board of Supervisors member Pat Herrity (R-Springfield) also spoke at this special dinner and mentioned the importance of the Institute's annual Fairfax County Budget Analysis to all who want to better manage government spending.



*Chris Braunlich,
Vice President
Thomas Jefferson Institute*

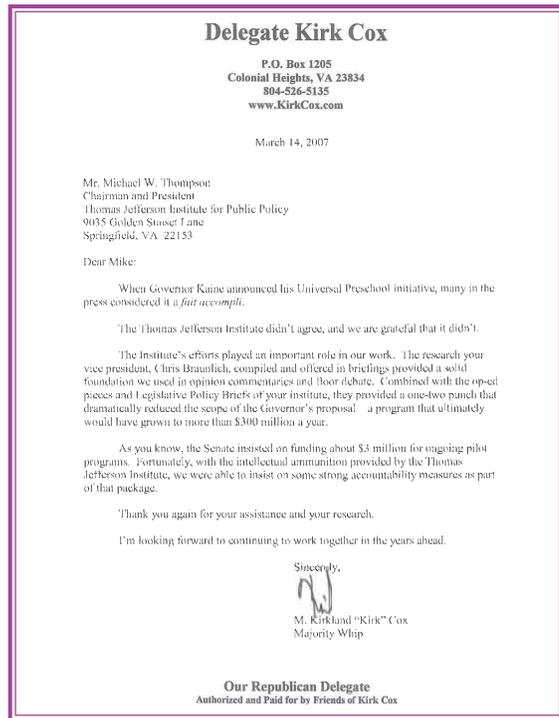
Center for Excellence in Education

Competition and reform improves both public and private institutions ... and education should be no different.

The Thomas Jefferson Institute's Center for Excellence in Education continued the fight for improvements in the education of Virginia's children. The Center is headed by Chris Braunlich, the Jefferson Institute's Vice President. He served for eight years on the Fairfax County School Board, representing an area that mirrored the changing demographics of the region. As a former

official with the National Association of Manufacturers and the Center for Education Reform, Chris brings a breadth of experience that few can match.

Making the Business Case Against Universal Preschool



Governor Tim Kaine's proposal for a significant expansion of pre-K education was largely beaten back, limiting any expansion to only a small pilot program, thanks to materials and research provided by the Thomas Jefferson Institute. In addition, language drafted by Jefferson Institute's Vice President Chris Braunlich was incorporated into a legislative study assessing the already existing Virginia Preschool program – a program never before reviewed or analyzed.

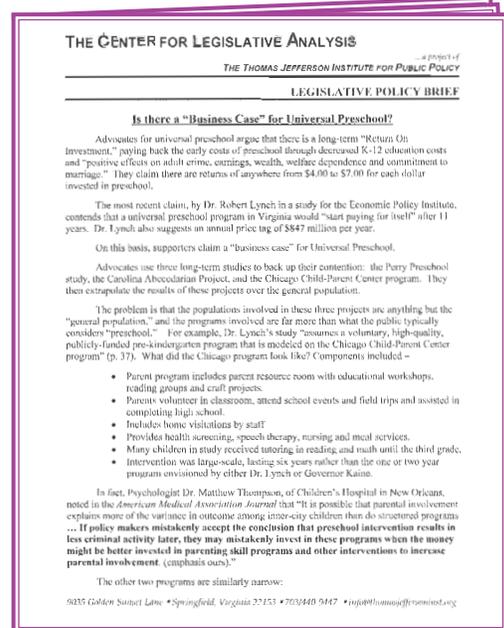
The research and analysis provided by the Jefferson Institute was appreciated by the leadership in the House of Delegates Majority Whip, Delegate Kirk Cox, who sent the Jefferson Institute a letter thanking us for the research we had provided.

After playing a key role in successfully blocking the creation of Universal Preschool in Virginia during the 2007 General Assembly Session, the Thomas Jefferson Institute continued the battle during the summer months since universal pre-K continued to be promoted by the Governor.

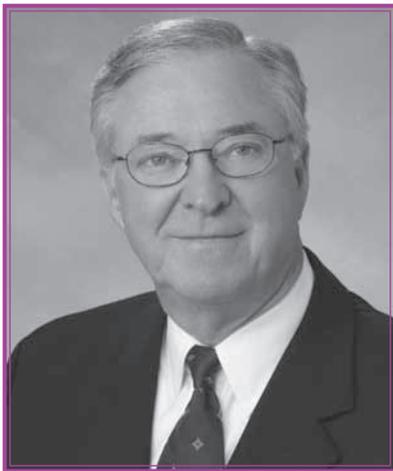
Our case was simple: Studies demonstrate that preschool, combined with health and social services, can have a positive impact on severely at-risk children ... but there is no clear evidence demonstrating it helps middle and upper-income children (in fact, there is a growing body of evidence showing it may have a negative effect on behavior).

It was an argument pounded home with regularity by the Jefferson Institute: in a White Paper called, "Is There a Business Case for Universal Preschool?," in meetings with editorial boards around the state, in remarks made by Braunlich before the Virginia Chamber of Commerce, and in several newspaper interviews on this subject. The Institute also critiqued the planned pilot expansion for failing to adequately measure student outcomes, having no control group, and failing to collect long-term data.

The Governor re-worked his pre-K program and released it in December 2007. This revised program would have imposed new costs on local governments. The Jefferson Institute showed how the current pre-K program could be expanded without increasing local taxes while adding a parental choice component.



Defending More Choices for Students with Disabilities



Senator Walter Stosch

For two years, then-Senate Majority Leader Walter Stosch three times introduced legislation creating a Tuition Assistance Grant program for students with disabilities – a direct result of the Jefferson Institute’s site visit with Stosch to see Florida’s “McKay Scholarship” program in action.

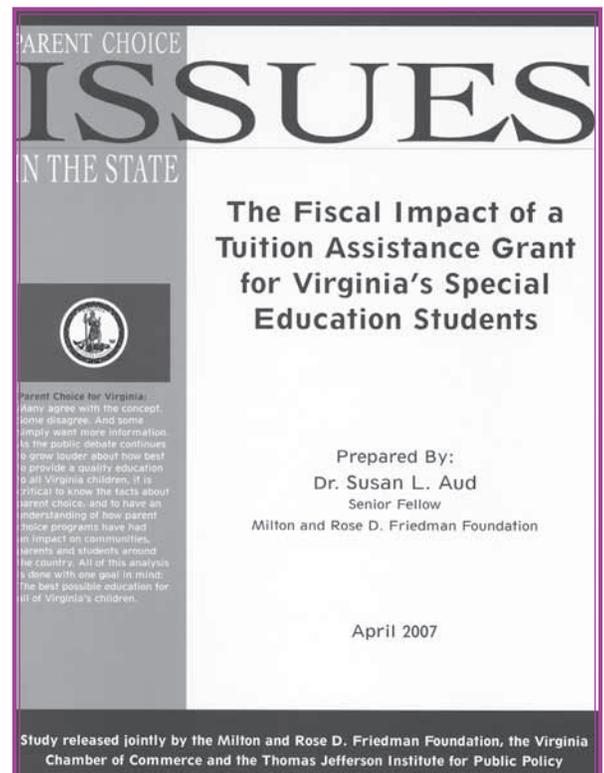
Stosch’s bill would have provided up to \$10,000 for parents of disabled students to choose an alternative placement. These students frequently cost Virginia school systems \$25,000 or more – which is why a state-sponsored scholarship capped at \$10,000 would not only give students a better education but also save local school systems money.

In 2007, the bill became the first ever “school choice” proposal to pass the full Senate, by a vote of 21-18. The Institute provided a Legislative Policy Bulletin to answer the misleading attacks on this bill. This Bulletin had a huge impact on the Senate’s decision. Regrettably, this ground-breaking legislation died in a House committee on the last possible day for action – largely a result of misrepresentations about its finances and legality by the public school lobby.

That’s why the Jefferson Institute counter-attacked with a detailed study authored by Dr. Susan Aud of George Mason University. Released in partnership with the Virginia Chamber of Commerce and the Milton & Rose D. Friedman Foundation, the study demonstrated that a Tuition Assistance Grant would provide the average school system a net fiscal benefit of more than \$5,000 per student.

The analysis was so detailed that Frank Barham, Executive Director of the Virginia School Boards Association (VSBA), admitted, “The VSBA has no way to refute or verify the figures cited in the study.” Without saying so, the VSBA Executive Director admitted that its previous opposition to Stosch’s important legislation was not based on facts.

The Thomas Jefferson Institute plans a similar study of “The Legal Consequences of a Tuition Assistance Grant for Students with Disabilities” for release in 2008. This important study will fully arm supporters of these important grants for disabled students with the intellectual ammunition they need to defeat their opponents.



Study released jointly by the Milton and Rose D. Friedman Foundation, the Virginia Chamber of Commerce and the Thomas Jefferson Institute for Public Policy

Fighting for At-Risk Kids

While Virginia’s Standards of Learning have driven tremendous increases in student test scores, much more work is needed to help at-risk students gain improved opportunities... low-income students continue to struggle.

That’s why the Thomas Jefferson Institute focuses on providing at-risk kids with the resources and opportunities – from choice opportunities to reading methodologies that work – that will make them better citizens in the 21st Century.

Delegate Dwight Jones (D-Richmond), chairman of the Legislative Black Caucus, again introduced legislation expanding authority for creating public charter schools to include the State



Delegate Dwight Jones

Board of Education for Charters proposed by public and private colleges.

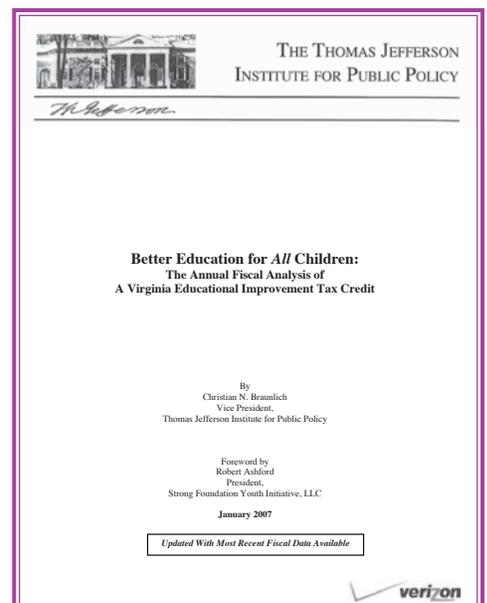
The bill was withdrawn after a conservative Republican legislator introduced virtually the same measure – but that bill, largely stripped of the political advantages of introduction by the General Assembly’s Black Caucus president -- was subsequently stripped in committee of any value and effectiveness. Jones is committed to re-introducing the bill and maintaining the fight. As a candidate for Mayor of Richmond, Jones has included public charter schools for middle school students as a key component of his platform. Jones’ interest in public charter schools originated when he participated in a two day Jefferson Institute study tour of Milwaukee’s school choice system and he worked with the Jefferson Institute on refining his legislation.



The Institute re-issued its fiscal analysis of a tuition tax credit offering low-income parents educational choice, using the latest data from the Virginia Department

of Education. The study again showed a positive fiscal gain for local school systems and the state budget – and became an important factor in arguing for Delegate Chris Saxman’s (R-Staunton) “Virginia Educational Improvement Tax Credit.” The 2007 analysis included a Forward from Robert Ashford, President of the Sound Foundation Youth Initiative, LLC.

The Jefferson Institute also focused on the “literacy gap” in Virginia among younger and older citizens of our state. The biggest road block in providing kids a solid education is that too many simply cannot read at grade level. And what is often left in the shadows of this discussion is the large number of adults who cannot read at a level that gives them the ability to hold better jobs. The Jefferson Institute researched this issue and published an important study called, “Literacy in Virginia: Observations



on Reading First.” This study had a Foreword written by Rick Nelson, the former President of the Fairfax County Federation of Teachers.

Center on Environmental Stewardship

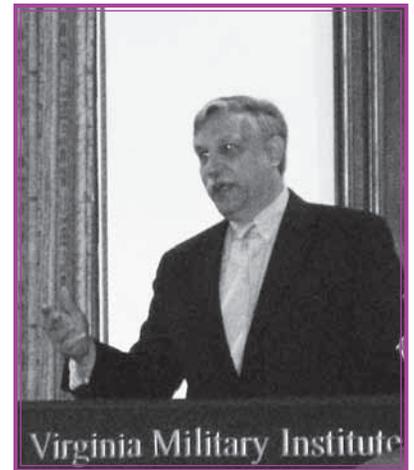
The Thomas Jefferson Institute continued to promote free market environmental stewardship and economic growth policies in 2007. Virginia continues to be one of the best places in the country for business to prosper. But Virginia’s status as one of the most business friendly states in the country takes continual effort and a long-term vision to maintain.

Environmental programs that do not harm our economic future are a key to our long-term quality of life and financial success. More jobs need to be created, a working transportation system must be developed and sustained, and our tax system needs to remain one of the most beneficial in the country. Virginia’s current status is the envy of the country and it will take continued diligence to maintain our position.

In 2007, the Institute’s Center for Economic Stewardship continued to promote sensible policies and programs to enhance our economic well-being and improve our environment. The Director of this Jefferson Institute Center is Dr. David Schnare, a well-respected free market environmentalist who understands that sound environmental policies should not harm economic growth. And he also believes that economic development policies can improve our economic future and help our environment. These do not have to be opposing policies.

Institute Focuses on Cleaning the Bay

The Thomas Jefferson Institute continued to promote a market-oriented approach to cleaning up the Chesapeake Bay. A less-polluted Bay can be a huge economic asset to Virginia through improved seafood harvests and more recreational activities. The potential economic power of a cleaner Chesapeake Bay is estimated in the billions of dollars.



*Dr. David Schnare, Director
Center for Environmental
Stewardship*



THE THOMAS JEFFERSON
INSTITUTE FOR PUBLIC POLICY

Only the Market Can Clean up the Chesapeake Bay

By: David W. Schnare, Ph.D.
Senior Fellow on Environmental Stewardship
Thomas Jefferson Institute for Public Policy

November 2007

In 2007, the Jefferson Institute continued to promote its program to bring more attention to the need to move our farming toward no-till techniques. After two years of promoting this idea by the Thomas Jefferson Institute, the state government now advocates this concept within the agricultural community. More needs to be done to encourage farmers to move to no-till farming. The results of larger scale no-till farming can have a huge impact on the quality of the Bay while improving the output from our farms.



Dr. Schnare testifies to U.S. Senate

Dr. Schnare brought his increasingly popular idea to The Association of Private Enterprise Education at its annual meeting in April. Through a major policy address to this well-respected group of free market leaders, Dr. Schnare gave a well-received paper entitled, “Only the Market Can Clean Up the Bay.” These remarks were so well received that the Institute printed them in a major study and distributed them to a wide group of elected officials and business leaders.

The Institute continues to meet with key policy leaders throughout Virginia to promote no-till farming and how to bring a market oriented approach to encouraging farmers to move toward this proven best agricultural practice.

Approaching Global Warming with Facts and Reality

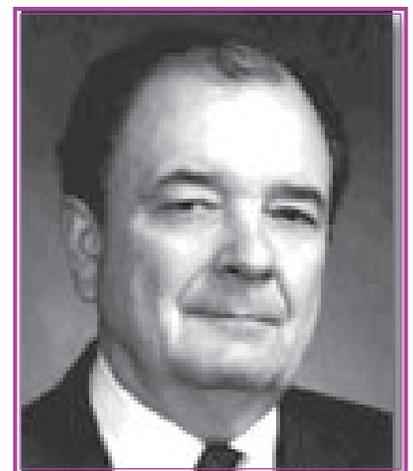
Virginia’s economic future could be dramatically harmed by government policies that confront global warming in ways that significantly hinder economic progress. Whether global warming is caused by human activity or is part of a natural cycle that has existed over centuries, it is critically important that scientific facts and peer-supported research be used to support any government policies in this area.

The Director of the Thomas Jefferson Institute’s Center for Environmental Stewardship brought his sensible ideas to the U. S. Senate Committee on the Environment and Public Works in October with testimony that focused on the importance of no-till farming to cleaning up the Chesapeake Bay. Dr. Schnare’s testimony also focused on the potential of geo-engineering to off-set the more dire predictions of global warming. Geo-engineering artificially lowers the temperature through various processes. Geo-engineering would temporarily cool temperatures for up to several decades giving us more time to move from today’s high reliance on carbon-based energy to nuclear power and renewable energy. And it would let us do this in a time frame that would not require government policies that would significantly harm economic growth.

The annual Commonwealth of Virginia Energy and Sustainability Conference (COVES) invited Dr. Schnare to speak at its October 2007 session at the Virginia Military Academy in Lexington. Dr. Schnare’s remarks focused on the potential of geo-engineering as an alternative program to keep rising temperatures in check and his remarks generated much discussion. At the two sessions where Dr. Schnare spoke, his remarks became the focus of the question and answer period and informal discussions afterwards.

Reception Honors Chairman Vince Callahan

In December, the Thomas Jefferson Institute hosted a special reception to honor the retiring Chairman of the House Appropriations Committee, Delegate Vincent Callahan (R-Fairfax County). Chaired by the Speaker of the House,



Delegate Vince Callahan

William J. Howell (R-Fredericksburg), and the incoming Majority Leader of the State Senate, Richard L. Saslaw (D-Fairfax County), the funds raised at this special reception helped continue the work of the Jefferson Institute in bringing free market solutions to cleaning up the Chesapeake Bay, a special concern of Callahan's.

Over 125 leaders of the business community and General Assembly came to honor Vince Callahan and his years of service to Virginia. Every living Governor of the Commonwealth joined as Honorary Chairmen of this very special event and twenty four top leaders of Virginia's business community along with Lt. Governor Bill Bolling and Attorney General Bob McDonnell served as Co-Chairs of this reception to honor a man who had served our state for almost 40 years.

Center for Economic Development

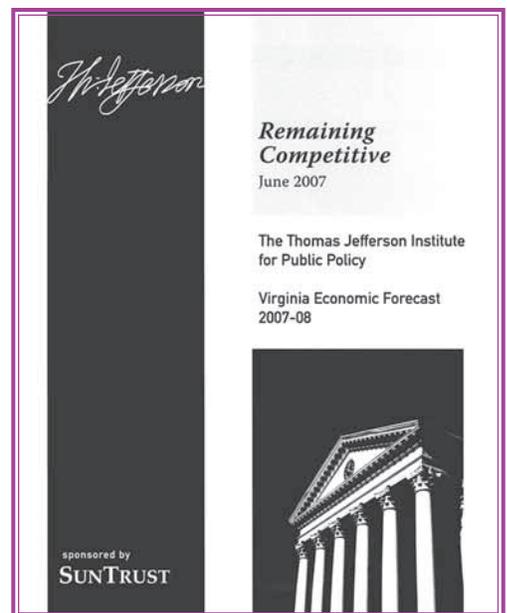
The Thomas Jefferson Institute knows that Virginia's success in being one of the best states in the country for business can't be taken for granted in the year's ahead. This status takes time and effort and cooperation to achieve and to maintain. Economic Development is the key to everything else government wants to accomplish. A successful business environment employs people who pay the vast majority of taxes that keeps state and local government functioning. So the top policy of government should be to improve the business environment in a way that improves our lives and expands the economic pie.

The Jefferson Institute's Center for Economic Development focuses its efforts to improve our economic future and to provide well research documentation on our economy.

Annual Economic Forecast Discusses on Remaining Competitive

The "Virginia Economic Forecast 2007-08" detailed what Virginia's premier private economic consulting firm, Chmura Economics and Analytics, projected for our economy over the next year. The state's top economists studied various economic factors and determined that our state's economy would continue to grow although at a slower rate. Each year this Economic Forecast is researched and written for the Jefferson Institute by Chmura Economics and Analytics of Richmond.

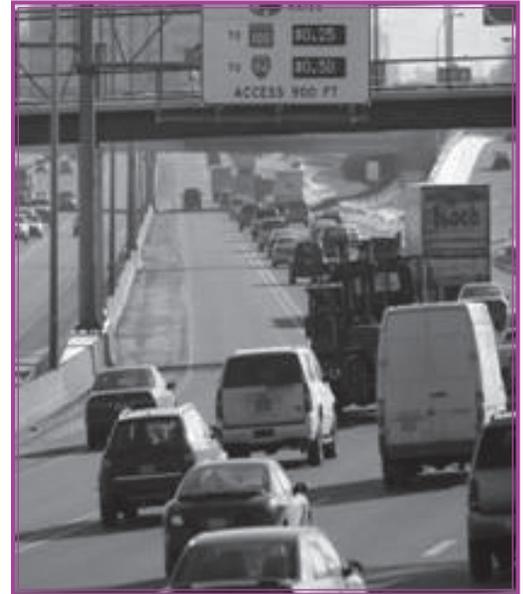
The public policy issue that Dr. Chmura and her staff focused on in this Forecast was the need for a well-educated work force if Virginia is to remain competitive in the years ahead. Chmura detailed its proprietary JOBS EQ micro economic tool which shows the types of jobs, and the education required for these jobs, that will be needed in various regions around our state. This study made it clear that Virginia's economic future will require a workforce that is not only better educated but one that is capable of handling the jobs coming to the various regions of our state.



HOT Lanes Become Reality

For many years the Thomas Jefferson Institute promoted High Occupancy Toll (HOT) Lanes for relieving traffic congestion in Northern Virginia and Hampton Roads. These HOT Lanes bring substantial private sector money to reducing congestion through creative public private partnerships. In 2007, after years of the Jefferson Institute promoting HOT Lanes to the General Assembly and various administrations of both political parties, Virginia agreed to make this 21st Century idea part of its Northern Virginia transportation network. These lanes will eventually run from Fredericksburg to Dulles Airport by coming up I-95, around the Capital Beltway and west to Dulles.

“Congestion pricing” will be used that will value the use of these lanes depending on how many cars are using them. This means it will cost more to use these HOT lanes during rush hour than in the middle of the day or in the evening. Buses and those cars with three or more passengers will be able to use these HOT Lanes at no cost.



Hot Lanes Reduce Traffic Congestion

Major Report on Congestion Relief

In November, the Jefferson Institute issued a special publication aimed at confronting the on-going problem of increased traffic congestion in our state. This study reprinted three reports from the highly respected Reason Foundation under one cover called, “Relieving Traffic Congestion Using 21st Century Ideas.”

This report was sent to our state legislators, hundreds of key business leaders, and to the media. It highlighted High Occupancy Toll (HOT) Lanes; using public private partnerships in building new roads; and how leasing of state-owned toll roads can be a huge advantage for the state. This publication provided important information to our elected leaders and key state transportation officials and business leaders as they tried to develop a transportation plan to confront traffic congestion.



Focus on a Board Member

Joseph D. Ragan of Joe Ragan's Coffee

Joseph D. Ragan, Jr. is a well-known and respected businessman in Virginia and a long-time Republican Party leader who has become one of the GOP's "Elder Statesmen." He is a well-known figure in Fairfax County business and government and is the founder and owner of Joe Ragan's Coffee and Office Products in Springfield, VA. Founded in 1966, the company now roasts its own coffee, bottles its own water, and has added packaging to its "one stop shop." Ragan is a nationally-recognized innovator and leader in the coffee service industry. He served as the first President of the Independent Coffee Service Association.

Ragan has served his community and state with distinction in several capacities: in 1974, he was appointed by Virginia Governor Mills Godwin as one of only two citizen members of the Virginia Lorton Commission; in 1975, he was appointed by Fairfax County Supervisor Jack Herrity as Springfield District Chairman of the Planned Land Use System; in 1985, he was appointed by Springfield District Supervisor Elaine McConnell to the Fairfax County Redevelopment and Housing Authority; and in 1988, he was elected Chairman of the Authority.



*Joseph D. Ragan, Chairman
Joe Ragan's Coffee & Office Supply*

Joe Ragan served as Chairman of the Fairfax County Republican Party, and the Eighth Congressional District Republican Committee. He was twice elected to the Virginia Republican State Central Committee and chaired several successful campaigns for various Republican candidates.

Five years ago Joe Ragan's Coffee and Office Products made its debut into the Richmond area. The company added office furniture to its ever expanding line of products, and today has three office furniture show rooms in Northern Virginia, Ashland, and Chester, Virginia. A gas station in Ashland will soon open as part of the growing business. Ragan is convinced that car owners will appreciate a true "service station" and plans to create an old-fashioned gas station that was common many years ago – focused on serving the customer with a smile, a clean windshield and excellent maintenance.

Joe Ragan's Coffee and Office Products has a new 126 thousand square foot headquarters/warehouse in Chester, Virginia. Joe's son, Dan, is President of Joe Ragan's Coffee and runs the operation in Springfield while Joe spends a great deal of his time in Chester expanding the business. Around the time he moved into the Richmond market, Ragan underwent successful heart transplant surgery at Johns Hopkins Hospital in Baltimore.

Joe Ragan lives in Springfield with his wife, Leona. He has two sons, Joseph III and Dan, and two daughters, Donna Lang and Debbie Ragan, 18 grandchildren and 3 great-grandchildren.

The Thomas Jefferson Institute is proud that Joe Ragan serves as an active member of our Board of Directors and appreciates his wise counsel.

Jefferson Success Story

Improving Traffic Congestion

The Thomas Jefferson Institute was the first public policy foundation in Virginia to promote the idea of public private partnerships. This is a creative relationship between government and the private sector to bring needed construction projects or government services to reality in a cost effective and, many times, more timely manner.



One area this concept of public private partnerships has been successful is the private sectors' willingness to bring substantial investments to help relieve Virginia's tremendous traffic congestion in Northern Virginia and Hampton Roads as well as in the Richmond area.

The latest success has been Virginia's partnership with the private sector to bring High Occupancy Toll (HOT) Lanes to Northern Virginia. These HOT lanes will help reduce current congestion on I-95 between Fredericksburg and Washington DC, and around the Beltway and then west out to Dulles International Airport. Had the state not brought the private sector's investment capability to the project, traffic congestion would have continued to grow worse in these corridors since there is not enough public monies to build this project.

HOT Lanes have proven successful in other parts of the country as well as in the city of London, England. The concept is really pretty simple: the driver pays a toll to use the HOT Lanes and if there are three or more people in your car, the ride is free. Buses also ride for free on these special HOT Lanes. The traffic capacity on these special lanes is controlled through congestion pricing. The more cars using the HOT lanes the higher the price is to use them. This keeps the traffic flowing at a consistent speed. As has been proven in other metropolitan areas, properly managed HOT Lanes will move more traffic more efficiently and the private sector can make a profit managing the process.

HOT Lane approval passed its final hurdle in 2007 and construction will begin in 2008. If the success in other metropolitan areas is duplicated in Northern Virginia, more of these public private partnerships could become reality.

The Thomas Jefferson Institute is proud of its part in making HOT Lanes a reality in Virginia.



"I can never fear that things will go far wrong where common sense has fair play."

Thomas Jefferson, 1786

Thomas Jefferson Institute for Public Policy
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HOT lanes can bust congestion

23634

BY LEONARD C. GILROY
 Good news, Northern Virginia commuters: relief for Beltway gridlock is on the horizon, thanks to the Commonwealth's embrace of innovative, market-based congestion solutions.
 On September 10, the Virginia Department of Transportation (VDOT) announced that it had settled on terms with a private-sector consortium to finance, build, and operate four new high-occupancy toll (HOT) lanes on a 14-mile section of the Capital Beltway stretching from the Springfield Interchange at I-95 to north of the Dulles Toll Road. This will be the first major Beltway expansion in several decades and will include significant repairs and upgrades of the existing roadway.
 When completed, the lanes will allow carpoolers

drive in the new HOT lanes free, while single- and two-occupancy vehicles will have to pay to use the lanes, giving them an option to pay to express travel lanes. (Note: for more on HOT lanes, see the March 2004 issue of the Journal of Economic Surveys.)
 The new HOT lanes are based on the same conditions as the existing lanes. This is the way to maintain free-flowing traffic over the long term, road managers say. Toll rates will be set to cover the cost of the lanes.

What are Fairfax County supervisors so afraid of?

WASHINGTON EXAMINER

During the past four years, the Fairfax County Board of Supervisors spent more than \$1 billion beyond what could be reasonably justified by population increases and inflation according to the Thomas Jefferson Institute for Public Policy.
 In a Sept. 26 memo, County Executive Tony Griffin and his staff based their "primitive" metrics used by the Sprague-based think tank "primarily" on county expenditures. TJIPP identified Mike Thompson's report pointing out that the 1992 blue-ribbon Commission used the same methodology because these "across-the-board" measures affect all public areas from law enforcement to schools.
 Thompson acknowledged an error in the study's "bottom line" analysis, but says it had no effect on the main conclusion: Outside regular part of the county's budget

Consider facts before funding pre-K expansion

The recent preschool report by the Virginia Joint Legislative Audit and Review Commission demonstrated the fallacies associated with Gov. Tim Kaine's preschool initiative.
 The JLARC study echoed previous Thomas Jefferson Institute papers noting the effectiveness of quality preschool in preparing Virginia at-risk children for kindergarten, and the fact that there is no data demonstrating any long-term effectiveness. Indeed, studies from around the country suggest an academic fade-out as children head into the fourth grade and beyond.
 More important, the study pointed out that Kaine's proposal to serve as many as 10,000 children is not a level of per-pupil spending that is significantly higher than the state's current pre-k program. Inadequate space in state already under construction will increase the cost of the program. The governor's proposal is a time of grave concern for the state's future.

Slowdown highlights need for reform

Economic Forecast

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The annual "Virginia Economic Forecast" published by the Thomas Jefferson Institute for Public Policy points to a slowing economy nationally as well as here in Virginia. This follows a pretty consistent economic expansion over the past few years that could not be sustained. No recession is forecast for the next few years.



MICHAEL W. THOMPSON

more and more of our income to finance programs that could be done more efficiently and some that might not be priorities. Until government growth in "economic good times" is slowed by statute, we will find ourselves faced with budget "crunches" every time the economy slows a bit. Government spending must be shackled.
 Our state government has grown much faster over the past four years

Shining a light on the Commonwealth

by Geoffrey F. Segal

Ever since the corporate and accounting scandals that rocked the economy in the early 2000s, a premium has been placed on added transparency.
 The U.S. Congress overwhelmingly passed new reporting regulations on corporate America to improve financial disclosure and accountability and transparency. It was only a matter of time before those same calls were turned government itself. Indeed, efforts at both the federal and state level hold much promise to add more sunshine to government operations.

Wrong time for preschool program

The recent preschool report by the Virginia Joint Legislative Audit and Review Commission demonstrated

first). More importantly, it concluded that Governor Kaine's proposal for expand-

budget dollars, and the choice for many legislators will be between the promise of preschool and the hard

VIEWPOINTS Fairfax response to criticism deeply flawed

By Michael Thompson

Virginia's largest county spent in excess of \$1 billion more than needed to keep pace during the past four years with Fairfax County's increases in population and cost of living. The county's spending index, according to a recently released report by the Thomas Jefferson Institute for Public Policy, has increased by more than 50% in four years. The county has made several rea-

» Take home: Fairfax County staff don't dispute that in four years local officials spent in excess of \$1 billion more than justified by their CPI/Population-based formula.
 » Key Data: This is an error of 540% from a staff that says it needs no outside oversight!



“...a wise and frugal government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government, and this is necessary to close the circle of our felicities.”

Thomas Jefferson

1801

Thomas Jefferson Institute for Public Policy
9035 Golden Sunset Lane
Springfield, Virginia 22153
703.440.9447
info@thomasjeffersoninst.org
www.thomasjeffersoninst.org