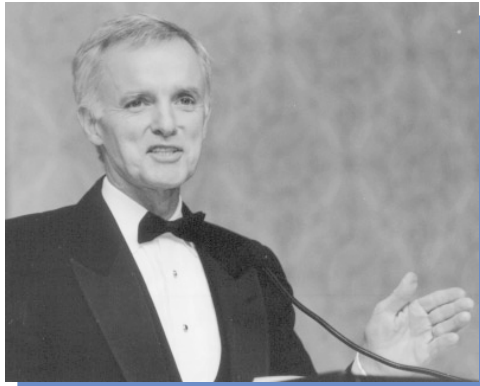
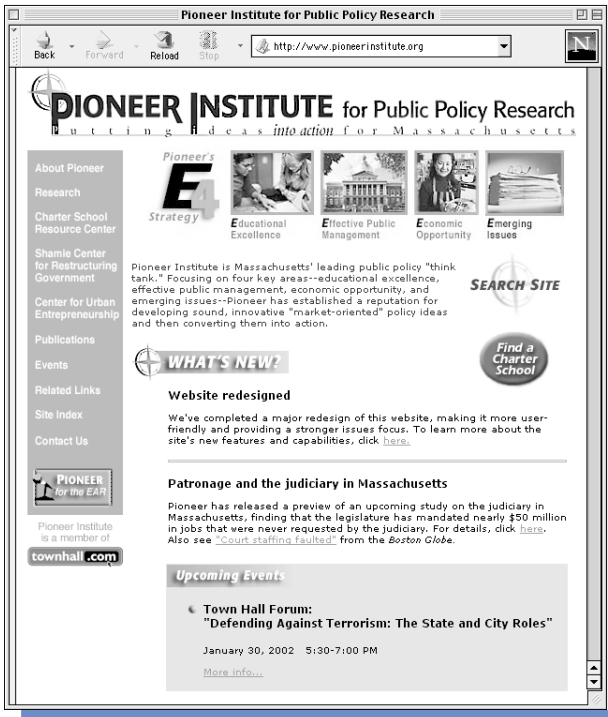


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ANNUAL REPORT



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Pioneer Institute, Massachusetts' leading think tank, works to change the intellectual climate in Massachusetts by challenging the conventional wisdom on public policy issues. Underlying

the institute's work is a commitment to individual freedom and responsibility, limited and accountable government, and the expanded application of free-market principles to state and local policy issues.

Since its founding in 1988, Pioneer has had a major impact on the Commonwealth's civic landscape and quality of life, developing and articulating innovative, market-oriented policy ideas and then helping to put them into action. Building on its established strengths, Pioneer follows an "E4 strategy" that focuses on four key areas:

- ▶ **Educational excellence** – driving broad-based reform of public education through the expansion of competition and parental choice, with particular attention to charter schools.
- ▶ **Effective public management** – promoting opportunities for improving the quality and reducing the cost of Massachusetts government through competitive contracting, regulatory reform, innovation, and restructuring.
- ▶ **Economic opportunity** – enhancing the wealth-creation potential of low-income entrepreneurs in Massachusetts cities as one avenue to revitalizing our urban neighborhoods.
- ▶ **Emerging issues** - exploring issues and problems moving to the forefront of public debate that further the institute's aims of competition, accountability, and individual freedom. Examples include market-oriented solutions to health care and housing.



This publication reviews Pioneer Institute's work and accomplishments within these areas during 2001.



PIONEER INSTITUTE for Public Policy Research

Putting ideas into action for Massachusetts

Dear Pioneer supporters and friends,

The year 2001 was an eventful one, both for Pioneer and for the policy environment around us. Within Pioneer, we saw a change in leadership. After eight highly successful years as executive director, James Peyser left Pioneer to become Senior Advisor to the Governor on Education and Worker Training.

Outside Pioneer, an unprecedented economic boom came to a screeching halt and America declared war on international terrorism after the attack of September 11. These events would contribute to the worst fiscal crisis in Massachusetts in a decade. This new policy environment makes Pioneer's work more important than ever.

During 2001, we took several measures aimed at strengthening Pioneer's position as an action-oriented think tank. Pioneer took a major step toward accelerating the creation of high-quality charter schools with the introduction of the Building Excellent Schools Fellowship program. Expanding on the technical assistance and support provided by our Massachusetts Charter School Resource Center, the Fellowship is aimed at recruiting and training top notch Fellows to apply for a charter and open a new school.

The Center for Urban Entrepreneurship (CUE) was staffed up and began its first full year of operations during 2001. Building upon our research on regulatory barriers and the *2000 Microenterprise Directory*, CUE staff built an action agenda aimed at enhancing the wealth-creation potential of low-income entrepreneurs in Massachusetts cities as one avenue to revitalizing our urban neighborhoods.

Pioneer's development efforts were greatly bolstered by the appointment of our first Chief Development Officer in March 2001. Priscilla Ruzzo has the responsibility to craft and execute a strategy to broaden and deepen our base of support. This new capacity showed its value during 2001, when Pioneer achieved a balanced budget in the face of sharp economic decline. Early giving in 2002 indicates that our development team will have another challenging year ahead.

This past year also saw a complete redesign of the Pioneer web site www.pioneerinstitute.org. More than a fresh look, the new web site offers the potential for more effectively tapping the power of the Internet to disseminate our work.

Of course, Pioneer's hallmark—quality research—continued to be in evidence during 2001. This annual report describes the *White Papers*, forums, and other vehicles we employed during the year to promote individual freedom and responsibility, limited and accountable government, and free market principles. Watch for a new study on judicial administration in Massachusetts in early 2002. It's a blockbuster!

This past year was an important one for Pioneer, positioning us to make significant contributions to the policy debate in 2002 and enhancing the quality of life in Massachusetts.



Colby Hewitt, Jr.
Chairman



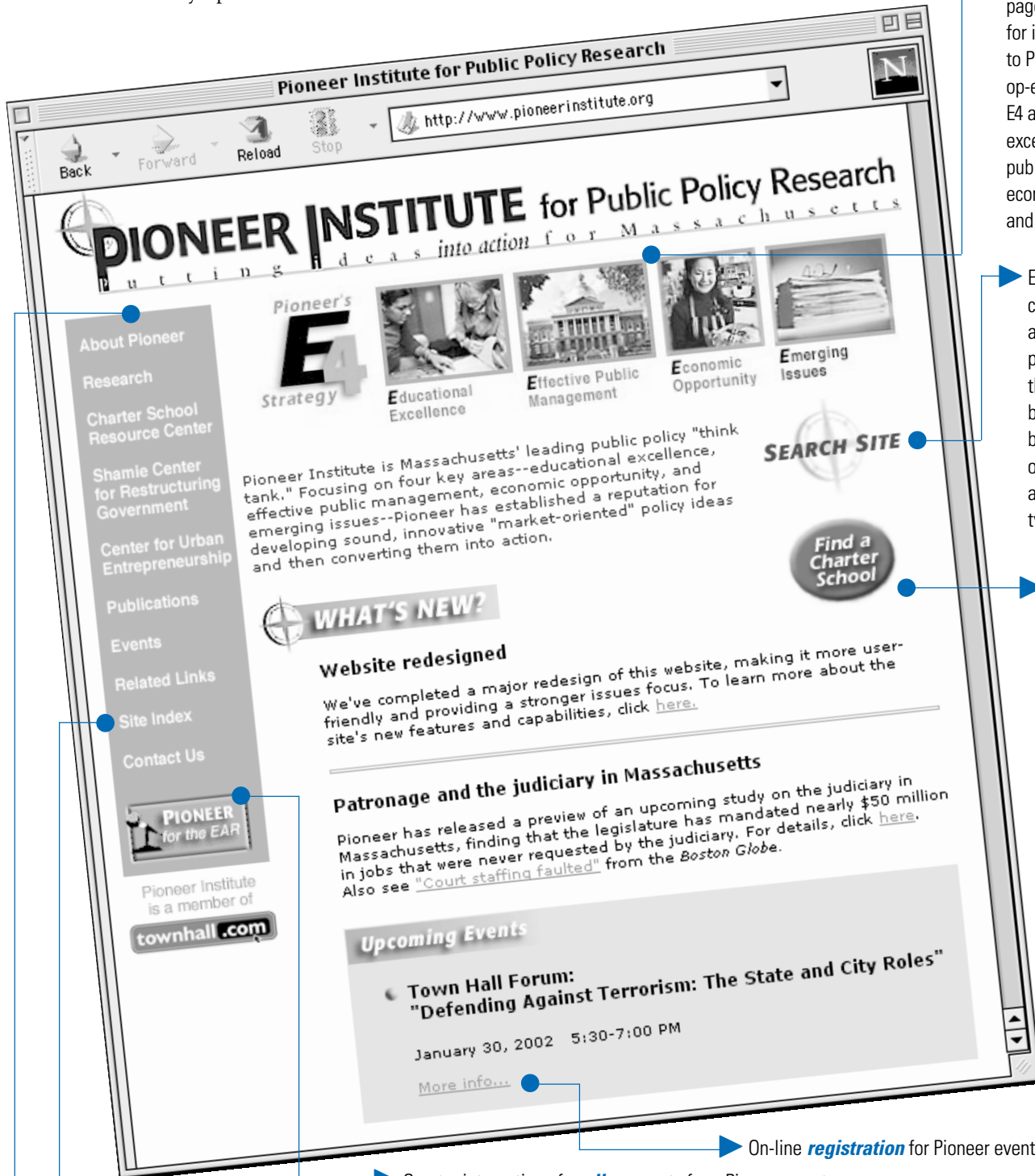
Lovett C. Peters
Founding Chairman



Stephen J. Adams
Executive Director

Visit Pioneer's redesigned website...

Pioneer's website, www.pioneerinstitute.org, underwent a major facelift in 2001, giving it a cleaner look, making it more user-friendly, and providing a stronger issues focus. Bookmark it to stay up-to-date with Pioneer's activities!



Pioneer's **E4 strategy** is represented pictorially at the top of every page with icon links for immediate access to Pioneer research, op-eds, and more by E4 area—educational excellence, effective public management, economic opportunity, and emerging issues.

Enhanced **search** capabilities are available on every page—just click the "Search Site" button to search by topic, subject or organizational area, document type, and more.

Pioneer's Charter School Resource Center has made it easy for parents to find a nearby **charter school** appropriate for their children.

On-line **registration** for Pioneer events.

Greater integration of **audio** excerpts from Pioneer events.

"Site Index" gives a quick **overview** of the entire site.

Submenus roll out from the navigation bar on the left to speed you to what you're looking for.

Events	Upcoming
Related Links	Past
Site Index	Lecture Series

www.pioneerinstitute.org

BOOSTING CHARTER SCHOOLS...EVEN FURTHER

To stimulate and increase the momentum of the charter school movement in the Commonwealth, the Massachusetts Charter School Resource Center (MACSRC) at Pioneer Institute launched a unique fellowship program in 2001 for entrepreneurial individuals determined to create outstanding charter schools. **The Building Excellent Schools Fellowship Program** represents a major initiative by the MACSRC in helping to build new schools of excellence, while continuing the Center’s work in nurturing existing schools. “It’s about genetic engineering,” says MACSRC director Linda Brown, with a gleam in her eye. To insure a superior “gene pool,” the program offers a \$50,000 stipend to each Fellow.

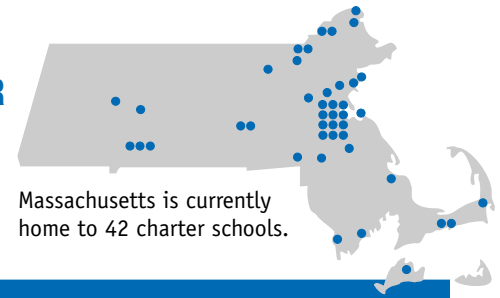
Although the charter schools currently operating in Massachusetts have gotten off to a successful start, the new program seeks to address concerns that stronger intervention at the schools’ pre-start up phase is needed. “To ensure that charter schools are truly schools of excellence, the challenge is to dramatically improve the quality of new charter schools,” explains Ms. Brown. “We believe the answer is to recruit the leaders—including those from professions other than education—train them intensively, work with them as they develop their school designs, and help them put together the critical building blocks necessary for a successful launch.

This is the basic design of our Building Excellent Schools Fellowship Program.”

The recruitment phase of the program (February-May) included advertisements in Massachusetts and national publications, a brochure mailing, personal networking, and the creation of a dedicated website, **www.buildingexcellentschools.org**. “As a result of these efforts, we attracted over 80 applicants from which we selected highly qualified individuals of varied backgrounds to be the first Building Excellent Schools Fellows,” reports Ms. Brown.

Of 27 charter school prospectuses submitted to the state’s Department of Education in September, 12 were invited to submit full applications—including all of the Fellows. Following a rigorous review, the state awarded only five charters in early 2002, three of them going to Fellows (four of whom had submitted final applications). Thus, three of the five charters awarded were “incubated” at the MACSRC.

Of those five, only one is being allowed to open in September 2002: the Uphams Corner Charter School (grades 5-8) founded by Fellow Michael Mayo. The other Fellows’ charter schools are the Smith Academy for Leadership (grades 6-8) in Roxbury, founded by Thomas Smith, and the South End College Preparatory Charter School (K-8) founded by Sheila Polk.



Massachusetts is currently home to 42 charter schools.

The Building Excellent Schools Fellowship Program, which will continue in 2002-03 with the selection of an even larger number of fellows, has four steps:

- **The Summer Institute** - First, the Fellows attend a two-month, full-time Summer Institute to help them design the key elements of an excellent school and describe the school clearly and concisely in a charter school prospectus to the Massachusetts Department of Education (DOE).
- **Residency** - Next, Fellows complete a residency at an operating charter school. During the fall term, each Fellow spends about three days a week inside a top quality Massachusetts charter school, working directly with the school’s leadership team, observing and applying what they learned during the Summer Institute.
- **Applying for a charter** - By mid-October the Fellows learn if their prospectuses have been approved. In November they are expected to submit a 75-page final application to the DOE that includes a detailed business plan.
- **Opening a charter school** - Between January and June, those Fellows awarded a charter implement their plans. With ongoing assistance from the MACSRC, they raise seed capital, advertise for students, recruit teachers and other staff, assemble a board of trustees, find a building, and put policy and procedures in place. Fellows who do not receive charters are supported in either reapplying for a charter or seeking placement in another charter school.

Massachusetts Charter School Resource Center

www.pioneerinstitute.org/csrc

OTHER ACCOMPLISHMENTS OF THE MACSRC

- ▶ The **Development Initiative**, which worked with schools in Boston, Fall River, and Springfield during 2001, has now raised more than \$7 million for the 10 schools that have participated since the start of the project in 1999.
- ▶ **2000-01 Massachusetts Charter School Profiles** provide statistical snapshots of each of the 40 charter schools in operation as of June, 2001. Published yearly since the first charter schools opened in Massachusetts, this sixth edition

highlights each school’s educational program, student body, academic performance measures, and financial position.

- ▶ A **“Technical Prep Series”** was given for individuals and groups who were preparing applications for charters.
- ▶ The **Strengthening Boards of Trustees** program worked with trustees at nine schools, generating an impressive number of concrete policies to focus the boards on strategic governance.

A LOOK AT CIVIC EDUCATION IN MASSACHUSETTS

We expect more of students than a modicum of knowledge of math and English. At a minimum, well-educated citizens should have the skills needed to engage in civil society: basic knowledge of history and government; speaking, debating, and writing skills; respect for others; and the ability to understand and promote the interests of society as a whole. This will be truer than ever in the days ahead, when our sense of civic responsibility and our freedoms will be seriously put to the test.

In **“[Readying the Next Generation of Massachusetts Citizens](http://www.pioneerinstitute.org/research/whitepapers/wp17cover.cfm)”** (www.pioneerinstitute.org/research/whitepapers/wp17cover.cfm), a Pioneer *White Paper* published in 2001, author David Campbell investigates the state of civic education in Massachusetts by surveying over 2,700 students in 23 public (including 6 charter) and private schools on the basis of a wide variety of civic measures.

Among public schools, Campbell found a direct correlation between solid academics and the civic education public schools provide to their students—high performing schools do well in teaching civics; low performers do not. Campbell also found that secular private schools score highly on nearly every category of civic education, most significantly in terms of tolerance of others and of differing viewpoints.

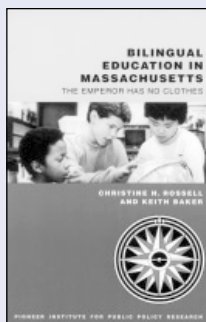
Regarding charter schools, Campbell found they provide high quality civic education, doing especially well in the areas of volunteerism and community service, respect among teachers and students, the acquisition of key civic skills such as public speaking, and tolerance

Bilingual Education in Massachusetts to Change?

Massachusetts citizens will vote on a key area of education policy in the 2002 elections. A citizens group co-chaired by Dr. Christine Rossell has gathered the requisite number of signatures to place a referendum on the November ballot that would require all bilingual students be enroll in “immersion” programs.

Under such a program, all courses are taught in English with some support in the student’s native language. Students could spend no more than a year in the program, after which they would be placed in mainstream classes. Under current law, enacted in 1971, all bilingual students take part in transitional bilingual education, in which they take English but all other courses are taught in their native language. The law encourages but does not require a three-year limit on student participation in the program.

In 1996, Dr. Rossell, a political scientist at Boston University and an expert on school desegregation and bilingual education issues, examined the current law in a Pioneer book titled *Bilingual Education in Massachusetts: The Emperor Has No Clothes* (www.pioneerinstitute.org/research/piopaper/summ10.cfm). Rossell called for an immersion approach similar to that envisioned by the ballot referendum, finding “spotty implementation” of the “rather prescriptive” current law. The study also concluded that teaching non-English speaking students to read and write in their native language is “at least marginally detrimental” to their “overall education and acquisition of English.”



for others and their views.

The report’s findings raise basic questions. As Pioneer research director James Stergios notes, “Why is it that schools with greater autonomy (charter schools and private schools) do so well in preparing students for citizenship?

Is it managerial flexibility? The ability to create an ethos of achievement? The involvement of parents?”

The report recommends that the state systematically evaluate knowledge of civics, possibly by restoring American history and government to the MCAS exam.



“The challenge in teaching civic education in the public schools is to teach academically the roots of our democratic system, what its goals and structures are, why those structures are the way they are, and why participation in the system is good.”

Former congressman **Mickey Edwards** at the Pioneer Forum on the study

“Comparisons of civic education at public and private school have found no particular advantages to the government operation of schools. This is odd, because the creation of the government-operated schools was motivated largely by concern about the civic ideas that would be conveyed to future generations. [This] study finds that public operation of school actually seems to be counter-productive.”



Jay Greene of the Manhattan Institute on the study

► From *Policy Dialogue 46*, www.pioneerinstitute.org/pdf/pdialg_46.pdf, excerpting comments at the Forum.



Pioneer op-eds: Educational excellence

Complete text available at www.pioneerinstitute.org/opeds

- **Charter school foes lose wiggle room** - December 24, 2001
- **Punishing good deeds in Lynn schools** - November 5, 2001
- **Education needs academics, civics** - October 1, 2001
- **Charter school critics have lot to learn** - September 4, 2001
- **Teachers should not fear evaluations** - April 9, 2001
- **Class size doesn’t matter that much** - March 26, 2001
- **City of Lynn, school board fail the test** - February 26, 2001

BOSTON'S CONVENTION CENTER: BUILDING A WHITE ELEPHANT?

“When we published our first study on the proposed South Boston convention center early in 1997,” notes Charles D. Chieppo, director of Pioneer’s Shamie Center for Restructuring Government, “no one would have imagined the issue would dominate the Center’s agenda nearly five years later. But each time the issue is about to fade away, events intercede to return it to the forefront.”

The latest round of attention began last January with the announcement that the proposed convention center was running at least \$100 million over its \$750 million budget. Four years after a feasibility study recommended the project go forward based on a series of projections about the national hotel market, Pioneer decided it was time to look at how the consultants did.

The 1997 *Final Report on the Boston Convention and Exhibition Center* predicted that national demand for convention space would rise by 23 percent over five years, while supply would increase by just 12 percent. In a March 2001 study (www.pioneerinstitute.org/pdf/piodrct10.pdf) for the Shamie Center, Heywood Sanders, a University of Texas at San Antonio professor and national convention expert, found a very different picture. The

Shamie Center for Restructuring Government
www.pioneerinstitute.org/crg

study was an update of three earlier Pioneer *White Papers* by Sanders on the convention center (www.pioneerinstitute.org/research/whitepapers/research_white.cfm).

In 1989, there were three American cities that had convention centers with more than 500,000 square feet of exhibit space. By 1998, there were 23. Sanders found that current projections called for another 25 percent increase in convention space nationally by 2005. Across the country, 94 convention centers are currently being built or expanded. Clearly, the *Final Report*

Report states convention center is bad idea

Pioneer Institute commissions report of economist

the 140 million predicted by the Center for Exhibition Industry Research. The study looked at the number of trade shows since 1996 and showed attendance has dropped off since 1998 when the average attendance was a little more than 10 million. In that year, that number dropped to fewer

“The reality is most trade shows have ties to specific cities because of access and regional demand.”

The market rules,” Sanders said. He said while association-type trade shows are “recession proof,” trade shows aren’t — which isn’t a good sign considering the recent slow-down in the economy. “The reality is most trade shows have ties to specific cities because of access and regional demand,” Sander said. The competitive convention market has seen cities success by gain-

Center's overruns are really a blessing in disguise

A mentor and former boss of mine preaches that every perceived setback represents an opportunity. So it is with the recent news Exhibition Center overruns.

CHARLES D. CHIEPPO

When it comes to demand, the consultants did even worse. The consultants

Pioneer: Nix convention center

By SCOTT VAN VOORHIS

A conservative think tank yesterday labeled the troubled South Boston convention center a white elephant and said the project, facing cost

thing has no hope,” said Charles Chieppo, the director of the Center for Restructuring Government. “Everything but a handful of these small, boutique-type meetings,” Moscaritolo said.

JOAN VENNOCHI

If we build it, will they come?

IF YOU ARE digging a hole and getting deeper into trouble with every shovelful of dirt, the first rule is to stop digging. That advice, proffered for free by some-

The non-profit Pioneer Institute also generated new skepticism. Heywood Sanders, the University of Texas professor who authored two previous papers

News clippings from (top to bottom) *Boston Tab*, *Boston Business Journal*, *Boston Herald*, and *Boston Globe*.

underestimated the nationwide explosion in convention space.

But it was the demand side that proved most troubling. The 1997 consultants predicted that 140 million people would attend conventions in the U.S. in 2000 and that the number would continue to rise. Actual attendance for the year came in 10 percent lower at 126 million, but the real bad news came in 2001. Attendance dropped to 74.6 million, a one-year drop of more than 40 percent—and that was prior to Sept. 11, which likely dropped the number even lower. A contraction of that magnitude in a single year is unprecedented, and most observers believe far more is at play than normal economic fluctuations. Most expect technological advances like webcasting and teleconferencing to take a permanent bite out of the convention industry.

In response to the Shamie Center study, the Greater Boston Convention and Visitors Bureau and the Massachusetts Lodging Association commissioned yet another study of the market for the new convention center. The study was due September 15th, but still

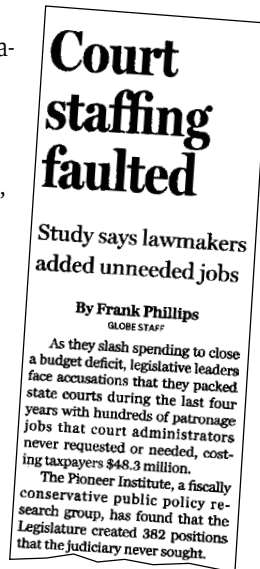
had not been released at the end of the year—nor had there been any confirmed bookings for the first two years after the convention center’s expected opening. Yet despite the lingering questions, construction began on the project this past summer.

The project absorbed yet another blow in December. The Massachusetts Convention Center Authority granted Starwood Hotels and Resorts Worldwide a one-year extension on its deadline to find financing for a convention headquarters hotel. The extension means the hall would be open for at least a year with no attached hotel. Plans called for 2,400 hotel rooms to be under construction within walking distance of the new convention center by 2001. As 2002 begins, there has been no hotel construction in the area. But construction of the 512,000 square foot facility continues to move forward.

“There is absolutely no market for a new, bigger convention center here in Boston—and without an anchor hotel, the project is destined to be a disaster,” Mr. Chieppo was quoted in the *Boston Globe* in September.

PATRONAGE IN THE JUDICIARY

In December, a preview of an upcoming Shamie Center paper on judicial administration was in the news across the Commonwealth, including on the front page of the *Boston Globe* (at right). As the judiciary scrambled to find \$20 million in budget cuts, author James Dolan, former first justice of Dorchester District Court, found that the Legislature had mandated the creation of 382 high-paying patronage positions in the state's trial courts between 1998 and 2001. The positions were in excess of the judiciary's own budget requests and cost Massachusetts taxpayers \$48.3 million over the period. The cost for those positions in 2002 alone will be \$16.5 million. The paper will be published in March 2002.



Pioneer op-eds: Effective public management

Complete text available at www.pioneerinstitute.org/opeds

- **State's vexed by a leadership crisis** - December 10, 2001
- **Bay State budget is ripe for cutting** - November 12, 2001
- **Good train service could be on track** - October 15, 2001
- **State is prisoner of outdated system** - September 17, 2001
- **The BRA wields unusual powers** - August 20, 2001
- **Convention center facts vs. fictions** - July 23, 2001
- **This train's not bound to break even** - June 11, 2001
- **Convention center "study" is a sham** - May 2, 2001
- **Convention biz not in forecast** - March 12, 2001
- **Convention center projections don't add up** - January 29, 2001

Center Renamed for Pioneer Supporter Ray Shamie

Pioneer's Center for Restructuring Government was renamed in 2001 in honor of the late Ray Shamie. In his work as a humanitarian, philanthropist, entrepreneur, and political activist, Mr. Shamie personified the values of freedom, personal responsibility, and competition that are the foundation of the center's work. Pioneer will seek to fund the Shamie Center for Restructuring Government with an endowment. A long-time Pioneer board member, Mr. Shamie spearheaded the drive with a generous bequest following his death in 1999.



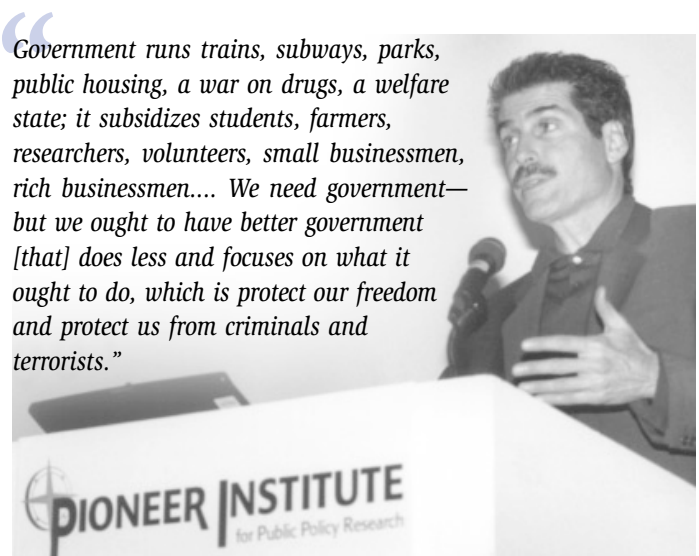
Raymond Shamie (left) with Founding Chairman Lovett C. Peters in 1998 when Ray Shamie received Pioneer's Tenth Anniversary Gold Medal.



For the first time in the 11-year history of Pioneer's **Better Government Competition** (BGC), our judges selected co-winners. Though both come from Maryland, they addressed radically different issues.

Prince George's County's regional processing initiative has transformed the way individuals arrested by the police are processed. Instead of keeping officers off the street for up to six hours processing arrestees at local police stations, the county has designated three strategically located processing facilities. Data collection has been automated and information is shared with state, local, and federal law enforcement agencies. To minimize contact and potential conflict between arresting officers and arrestees, processing procedures are conducted by corrections staff.

The other winner proved the merits of "faith-based" initiatives. As part of "Project Outreach," volunteers from churches around Worcester County, Maryland, have come together to provide after-school instruction for elementary school students. In three years, the program has resulted in measurable academic improvement, and is succeeding at closing the achievement gaps between ethnic groups and genders across the poor, rural county on Maryland's eastern shore.



Government runs trains, subways, parks, public housing, a war on drugs, a welfare state; it subsidizes students, farmers, researchers, volunteers, small businessmen, rich businessmen.... We need government—but we ought to have better government [that] does less and focuses on what it ought to do, which is protect our freedom and protect us from criminals and terrorists."

Better Government Competition 2001 Awards Dinner keynote speaker **John Stossel** of ABC News

- ▶ You can listen to John Stossel's BGC address online, www.pioneerinstitute.org/pioneeraudio/mp3/stossel.mp3
- ▶ The two winning 2001 BGC ideas—and three others awarded Honorable Mention—are downloadable from www.pioneerinstitute.org/crg/competition/crg_competition.cfm

ENCOURAGING ENTREPRENEURSHIP

The regulatory climate in large American cities for microenterprises (small neighborhood-based businesses) significantly influences the dynamism of the urban economy. Fostering the creation of entry-level businesses that require relatively little education and skills—such as taxis, street vending, in-home catering and food preparation, nail care, and hairbraiding—is crucial to the revitalization of poor, urban neighborhoods.

In conjunction with three other think tanks, Pioneer released a study, *Giving a Leg Up to Bootstrap Entrepreneurship: Expanding Economic Opportunity in America's Urban Centers* (www.pioneerinstitute.org/entre/legup.cfm), comparing the small business regulatory climate in Boston, Dallas, Atlanta, and Los Angeles. While the study offered no quantitative ranking of the cities, it concluded that the Hub's "accumulation of layers of regulation and bureaucracy...entrenched by time, inertia, and self-interest" is not



"There's a great deal of merit in the City looking at its own house to determine which regulations may be outmoded and disadvantageous for the possibility of developing business or improving the quality of life."

Boston City Councilor **Charles Yancey**
at the Pioneer Forum on the study

► From *Policy Dialogue 43*, www.pioneerinstitute.org/pdf/pdialg_43.pdf, excerpting comments at the Forum.

Center for Urban Entrepreneurship
www.pioneerinstitute.org/entre

What began two years ago as Pioneer's Center for Entrepreneurship is now known as the Center for Urban Entrepreneurship to emphasize a new approach to improving the environment in which low-income urban entrepreneurs start and grow their businesses.

"Microenterprise has become an increasingly important way to turn life skills into self-employment," explains Center Director Stephen J. Adams, who also serves as Pioneer Institute's executive director. "However, a microenterprise needs to grow into a full-fledged business to create wealth

Set urban businesses free

People who want to start a small business in the city of Boston can get gallons of advice and help from the city, the state and private or-

There is little doubt that catering businesses run from homes constitute "a thriving, if illegal, sector in Boston, serving as an important

The *Boston Herald* editorialized in support of the study's recommendations to ease burdensome regulations on microenterprises.

only burdensome but also an impediment to the smallest businesses.

Although the study found some areas in which Boston is making strides in allowing small businesses the freedom they need to flourish, the report urged the state and city to engage in a comprehensive review of all regulations, assuming the "burden of proof" by demonstrating the effectiveness and usefulness of rules and licensing requirements. The report also recommended that government focus regulatory policy on business performance rather than inflexible rules; reduce the complexity of the regulatory and business start-up process; avoid extending existing regulatory rules to new occupations and businesses; and streamline business permitting.

BOSTON
Herald

Pioneer op-eds: Economic opportunity

Complete text available at
www.pioneerinstitute.org/opeds

- **Don't curb flea markets needlessly** - July 2, 2001
- **It's business that can revive cities** - February 12, 2001

for the entrepreneur and quality jobs."

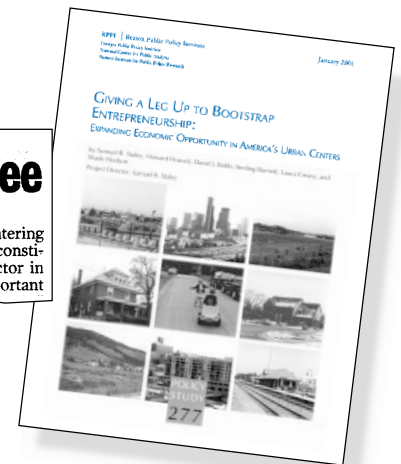
In line with this refined focus, the Center sponsored its second annual conference in September on "Beyond Microenterprise: Growing Businesses in Low-Income Communities" (synopsis available at www.pioneerinstitute.org/entre/2001_cfc.pdf).

Other activities under way or planned involve promoting web-based permitting and licensing for small businesses, disseminating best practices in business consulting to the public and non-profit agencies that work with low-income entrepreneurs, and helping private sector players like banks, insurance companies, and other business service firms recognize the market potential in supporting the development of entre-

preneurship among low-income residents.

"Preliminary estimates by Pioneer suggest that nearly 50,000 low-income entrepreneurs are busy starting or running their own businesses in cities across the Commonwealth. This represents a powerful force for achieving the economic independence of individuals, renewing distressed urban neighborhoods, and strengthening the whole state economy," says Mr. Adams.

"The state and nation are facing a difficult economic start to 2002. However, it is often in economic upheaval that new entrepreneurial opportunities and energies are unleashed. We want to see that entrepreneurs in Massachusetts' inner cities are part of reviving the state economy."



SPOTLIGHTING “PIONEERING SPIRITS” AROUND US

Pioneers come in many guises. Merriam-Webster’s dictionary defines a pioneer as “a person or group that originates or helps open up a new line of thought or activity...” Pioneer has been highlighting in its new publication, *Pioneering Spirit*, entre-

Pioneering Spirit

preneurs—among others—who determinedly on their own—often in the face of conventional wisdom, regulations, and other

obstacles—are seeking—and succeeding—in making life better for themselves and their communities. Here is a sampling of such “human interest” profiles of entrepreneurial individuals which have appeared in *Pioneering Spirit* over the past year.



Lawrence retailer Nazario Esquea

Making the Right Business Call

In Lawrence—long one of the poorest cities in the Commonwealth—Nazario Esquea has successfully opened not one but two retail stores, Naztel Communications, which sells pagers and cellphones.

Esquea, 42, is one of a growing number of Hispanic immigrants who have started small businesses in the old mill city; in fact, Hispanic-owned enterprises now total several hundred in a rejuvenated downtown Lawrence. ...

► Read the entire article, www.pioneerinstitute.org/pdf/spirit4.pdf

Livery driver Gerard Desrameaux

An Entrepreneurial Drive

Anyone who has tried to find a cab during rush hour or a rainy day in downtown Boston knows there has to be a better way to get around. That way just might be to call Gerard Desrameaux, one of an increasing number of livery drivers. Liveries are privately-owned vehicles that offer point-to-point transportation on a pre-arranged basis. “Us and the cab—we’re competing,” says Desrameaux. “The cab drivers don’t like it, but when it is busy, people can’t find a cab. I am there to fill the need.” ...



► Read the entire article, www.pioneerinstitute.org/pdf/spirit3.pdf



Eatery owner Juan Hurtado

Traditional Chilean Sandwich = Classic American Success

Just what does “chacarero” mean anyway? It’s a traditional Chilean sandwich. But to Juan Hurtado, it’s meant his livelihood for about six years; more, it’s been the basis of an increasingly successful business. The owner of Chacarero, a walk-up window eatery set into the Franklin Street facade of Filene’s in Downtown Crossing, Hurtado serves up several varieties of chacareros to throngs of lunchtime patrons daily. But before he could sell his first chacarero sandwich, he had to contend with an imposing array of regulations governing on-street vending in Boston. ...

► Read the entire article, www.pioneerinstitute.org/pdf/spirit2.pdf



Fields Corner CDC Executive Director Jane Matheson

Uncommon Common Sense

As executive director of the Fields Corner Community Development Corporation, Jane Matheson approaches her work in the field of community development from a unique angle: she and her governing board seek to nurture neighborhood improvement in a decidedly business-like manner; the result is a highly effective organization that is self-supporting [even though it] has eschewed public funds for any of its current projects. ...

► Read the entire article, www.pioneerinstitute.org/pdf/spirit4.pdf

POST SEPTEMBER 11, 2001: AN ALTERED WORLD

The tragic events of September 11, 2001—and their fall-out—have drastically altered the political and economic landscape, giving rise to new public policy concerns. Pioneer has responded, incorporating into its agenda a focus on state and local governments' role in domestic security.

Setting the stage for this new focus, former U.S. Senator Bob Kerrey, delivering the **2001 Lovett C. Peters Lecture in Public Policy** less than a month after September 11th, gave a very timely presentation on combating terrorism and increasing security without sacrificing liberty (see below). Long regarded as a reflective, distinguished public servant and serious student of policy issues, Sen. Kerry noted Pioneer is well-positioned to contribute to this emerging issue.

"We will be much more likely to defeat terrorism," he concluded, "if our response emphasizes education, economic opportunity, public management, and the important question of how to help our children gain an appreciation for the democratic values and skills necessary for active participation in self government"—the last a reference to Pioneer's civic education *White Paper* that the institute had just released.

The institute followed up with a "town hall" style forum in January 2002 on "**Preparing for Terrorism: The State and City's Roles**" with panelists including Boston Police Commissioner Paul Evans; Richard Swensen, the state's newly named Director of Commonwealth Security; Dr. Howard K. Koh, the state's Commissioner of Public Health; and others.

Also under the rubric of "emerging issues," Pioneer weighed in during 2001 on the housing "crisis" in Massachusetts with a *White*



Juliette Kayyem (center), a Harvard University terrorism expert, makes a point during the Pioneer Forum on the role of the state's and Boston in preparing for terrorism. Looking on at right is moderator Margie Reedy of New England Cable News.

► Listen to a 15-minute excerpt of the panel discussion online, www.pioneerinstitute.org/pioneeraudio/mp3/security.mp3

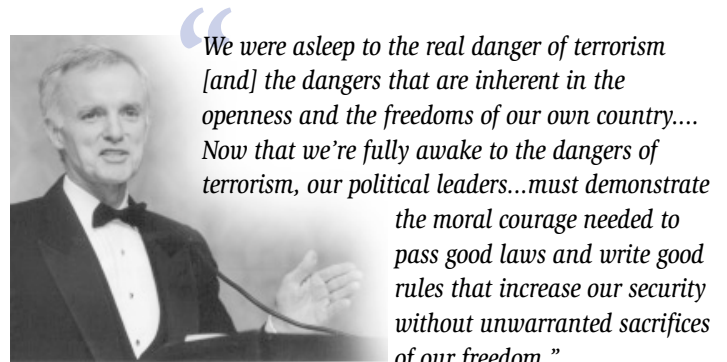
Paper recommending a series of managerial improvements regarding public housing to make more existing units available for occupancy more quickly. The study, titled "**Build More or Manage Better,**" represents the first phase of an extended focus by Pioneer on housing issues in the Commonwealth (see next page).

2001

Lovett C. Peters Lecture in Public Policy

Designed to recognize distinguished individuals of vision, original thought, national and international renown, and accomplishment, the Lovett C. Peters Lecture in Public Policy is one of Pioneer's premier events of the year. Former U.S. Senator Bob Kerrey, scheduled to deliver the 2001 Peters Lecture on ethics and integrity in government, instead used the occasion to address a topic that weighed heavily on the minds of audience—the terrorist attacks that had occurred less than a month earlier.

J. Robert Kerrey served two terms in the Senate from Nebraska and one term as his state's governor. A decorated Vietnam veteran, he was a candidate for the 1992 Democratic presidential nomination. During his public life, he was known for staunch political independence, determination to address intelligently important



Former Sen. **Bob Kerrey**, 2001 Lovett C. Peters Lecturer in Public Policy

► Hear Sen. Kerrey's address online, www.pioneerinstitute.org/pioneeraudio/mp3/kerrey.mp3

national issues, and particular concern for fiscal responsibility and civic values. His address—extremely well received by the capacity crowd of business leaders, academicians, policy makers, journalists and other invited guests—was characteristically direct and insightful.

RESPONSES TO THE HOUSING “CRISIS” IN MASSACHUSETTS

At a July Pioneer Forum on housing, Massachusetts House Speaker Thomas Finneran noted that neighborhood and local associations in both urban and suburban communities do not want new subsidized and public housing in their neighborhoods. “Given that such attitudes make building more subsidized units a political non-starter,” comments Pioneer’s research director James Stergios, “Pioneer thought it wise to explore policy alternatives on the affordability question that did not simply focus on building more subsidized units.”



Massachusetts House Speaker Thomas Finneran addressing a Pioneer Forum on public housing. Read his and other participants’ remarks in *Policy Dialogue #44*, www.pioneerinstitute.org/pdf/pdialg_44.pdf.

With waiting lists for subsidized units ever lengthening and housing growing less and less affordable—especially for our most vulnerable citizens—Pioneer is exploring the affordability issue by considering better ways to employ the already existing subsidized housing stock and the regulatory barriers to building more housing in the private market.

The management of subsidized housing

In July Pioneer released *Build More or Manage Better? Subsidized Housing in Massachusetts* (www.pioneerinstitute.org/research/whitepapers/wp16cover.cfm). The report catalogues Massachusetts’ extensive inventory of subsidized housing and suggests managerial improvements to make more existing units available.

The paper shows the Commonwealth to be third among the 50 states in federally funded housing units per capita (2.58 units for every 100 people) and one of only two states to fund subsidized developments.



News articles on the Pioneer study from the *New Bedford Standard-Times* and *Boston Globe* and editorial endorsement of its recommendations by the *Woonsocket (RI) Call* and *Boston Herald*.



The authors, Howard Husock and David Bobb, find that reducing subsidized housing vacancies and the number of “mismatched” units—units with more bedrooms than residents—in Boston to the same level as New York City would free up 600 individual units and 2,000 bedrooms. In addition to a greater emphasis on performance measures to reduce vacancy rates and mismatched units, two reforms are crucial: modernizing the Commonwealth’s antiquated construction laws and shifting from numerous municipal waiting lists to a single statewide list.

The paper closes by suggesting that Massachusetts pilot a program already implemented in North Carolina by the federal Department of Housing and Urban Development. The HUD program gives families with children but no father present the tools for upward mobility, so that they no longer need housing assistance. The two other broad categories of tenants—the elderly and disabled—face even more intractable obstacles to social mobility. In exchange for increased social support—counseling, child-care, and job training—tenants would agree to limit their tenure in subsidized housing.

Rethinking regulatory barriers

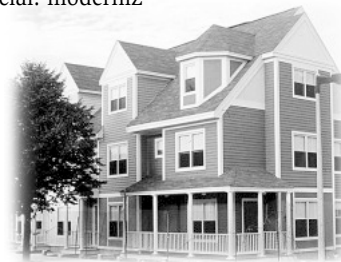
For years, demand for (and the property values of) housing has skyrocketed. Paradoxically, the private market has not responded by building significantly more;

since 1990 the number of total housing permits statewide has remained more or less flat.

The lack of a supply response is in due to a variety of factors. Developable land is scarce, local regulatory restrictions (in the form of zoning ordinances, subdivision controls, and environmental regulations, to name a few) are onerous, and state regulations (such as the building code) are often misapplied by local inspectors.

Currently, Charles Euchner, director of the Rappaport Center for Greater Boston at Harvard’s Kennedy School of Government, is working on a study of the impact of regulations on the supply response for

Pioneer. Which regulations and bureaucratic rules increase costs the most? How do regulations affect land acquisition, the kinds of housing that gets built, and how one builds it? The focus of the paper is not to argue the merits of the rules, but to put a price tag on them. This will, in turn, help inform policy makers as they weigh regulatory reform and try to balance the risks to public health and safety with the impact on the housing supply.



Pioneer op-eds: Emerging issues

Complete text available at www.pioneerinstitute.org/opeds

- Housing crisis can be managed - August 6, 2001
- Build homes, not a convention center - June 18, 2001

It is only through the support of like-minded friends that Pioneer Institute has been successful in “putting ideas into action.” Gifts large and small enable the Institute to continue and expand its efforts to bring well-researched, sensible solutions to public policy issues in the Commonwealth. We are most grateful for the loyalty and generosity of those listed here who contributed to us during 2001. *Thank you all very much!*

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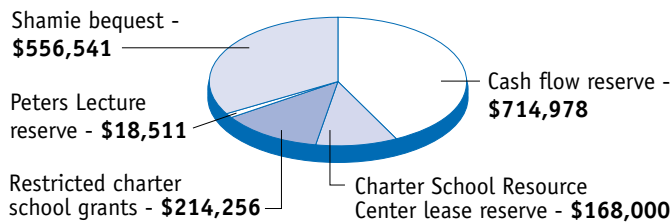
As for most organizations, 2001 was a challenging year financially for Pioneer Institute. However, despite a weakening economy, Pioneer succeeded in raising slightly more in 2001 than in any previous year, thanks to the continuing generosity and loyalty of our supporters.

All our income is from foundations, corporations, and individuals. The institute neither seeks nor accepts any government funding.

During 2001, \$1,964,000 of spending was supported by these new revenues, which included a portion of the Raymond Shamie Fund created in 2000. The remaining \$218,500 was financed through special reserves established in 2000 for the Massachusetts Charter School Resource Center, largely to seed new initiatives.

To ensure that our donors receive the best possible return on their investment in Pioneer, nearly three quarters of the institute's expenditures in 2001 went directly to programs, research and outreach—our main mission.

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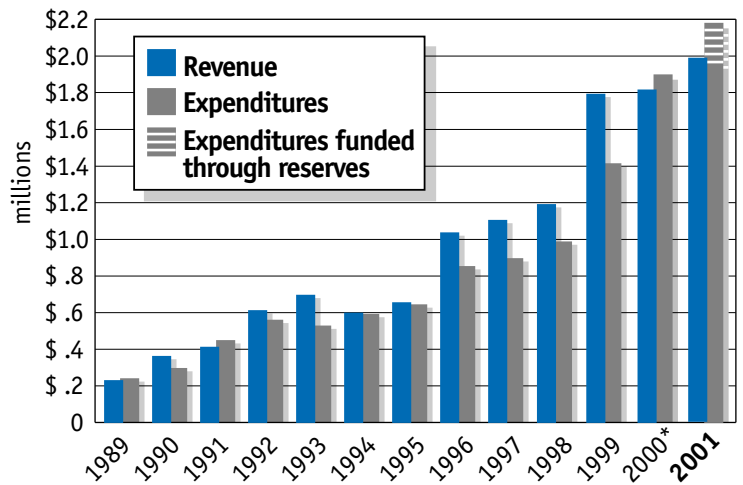
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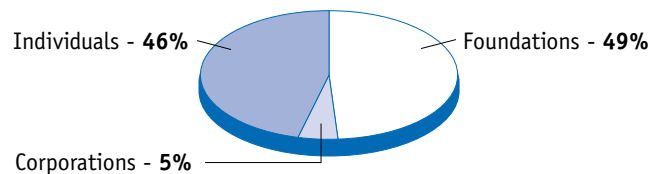
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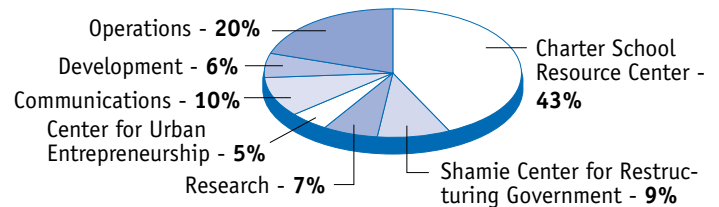


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Lovett C. "Pete" Peters founded Pioneer Institute in 1988 following a long business career in energy and banking. A 1936 Yale University graduate, he is a trustee of Hillsdale and Nichols Colleges. Mr. Peters is the recipient of many honors and awards, most recently the Roe Award from the State Policy Network and, along with his wife, Ruth Stott Peters, the Champions of Freedom Award from the Mackinac Center for Public Policy.



Chairman

Colby Hewitt, Jr. has been Chairman of Pioneer since 1997, working closely with Founding Chairman Pete Peters. For 45 years he led Aon Risk Services, an insurance business in Boston. A Harvard University graduate, he has served for many years on the boards of several Massachusetts educational and health care institutions, including Northeastern University, Hampshire College, Wheelock College, and Beth-Israel Deaconess Hospital.



Executive Director

Stephen J. Adams has nearly 20 years experience in state government, public policy research, public finance, regulatory reform, and business development strategy. Previously he was vice president and director of research and strategy for the Initiative for a Competitive Inner City, a national non-profit dedicated to inner-city revitalization; Assistant Treasurer for Debt Management for Massachusetts; and Director of the Maine State Planning Office. A graduate of Queen's University in Canada, he has a Master of Public Administration degree from Pennsylvania State University.

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Jane Boulet is Program Director of the Charter School Development Initiative. Before joining Pioneer in 2000, she was Director of Development at South Boston Harbor Academy Charter School.

A graduate of the University of Toronto, she also has worked in development at Tufts University, Morgan Memorial Goodwill Industries, and other organizations.



Linda Brown has been Director of the Massachusetts Charter School Resource Center (MACSRC) since 1993, working directly with state authorizers and individual education entrepreneurs to see charter schools take

root and flourish. Prior to joining Pioneer, she held the position of associate head of school at an independent school in Cambridge, Massachusetts.



Ralph Buglass is Pioneer's Director of Communications. Before joining Pioneer in 1999, he produced many of the institute's publications through his own communications business. A graduate of Cornell University with a

master's in journalism from American University, he has also been employed in communications capacities in education and health care.



Amanda Cause is Pioneer's Development Associate. A 2001 graduate of Bates College, where she studied French language and culture, she provides support to the institute's leadership in fundraising endeavors.

Pioneer also benefits from the assistance of the following part-time staff members:

- **Kathryn Ciffolillo**, Writer/Editor
- **Michael Kane**, Research Assistant
- **Elena Laudet**, Research Associate
- **Shawni Littlehale**, Research Associate



Charles Chieppo is Director of the Shamie Center for Restructuring Government. Prior to joining Pioneer in 1995, he was a special assistant to the Massachusetts Secretary for Administration and Finance, and New York coordinator for

Paul Tsongas' 1992 presidential campaign. He holds a law degree from Vanderbilt University and a bachelor's degree from Boston University.



Morris Gray is Pioneer's Treasurer. A Harvard graduate ('43, MBA '47), he was previously a vice president of State Street Bank and is currently an overseer for the Huntington Theater Company and WGBH, Life Trustee of the Museum of

Science, Corporate Trustee of the Trustees of Reservations, and Trustee of the USS Constitution Museum.



Danielle Harrell is the Administrative Assistant for the MACSRC. She holds a music education degree from SUNY-Potsdam. Before joining Pioneer in 2001, she taught music in the Boston Public Schools and was a

program associate at the Community Music Center of Boston, where she continues to teach cello.



Susan Hoopes joined Pioneer as Director of Operations in 1999. A graduate of the Whittemore School of Business and Economics at the University of New Hampshire (UNH), she has been employed in the field of business management

for the past 15 years, most recently as Business Manager for the Institute on Disability at UNH.



Antonia Rudenstine is the Building Excellent Schools Fellowship Program Director at the MACSRC. A Ph.D. candidate at Harvard's Graduate School of Education, she joined Pioneer in 2000 as a consultant working with charter school leaders to

improve their schools. She previously was a founding teacher and administrator in a public alternative high school in New York City and has supervised teachers-in-training in New York and Boston.



Priscilla Ruzzo is Pioneer's Chief Development Officer, working directly with the institute's leadership team and Board of Directors to expand the organization's base of support. She has over 15 years of development ex-

perience in Massachusetts and elsewhere, working primarily in fundraising for various U.S. senatorial and gubernatorial campaigns, as well as for education, state ballot questions, and policy issues at both the grassroots and business community executive levels.



Julie Shreck is Pioneer's Operations Associate. A 1998 graduate of Colorado State University, where she received a bachelor's in speech communication, Ms. Shreck previously worked in the hotel industry for three major chains, Marriott,

Hilton, and Westin, in catering/sales. She provides support to all of the institute's programs.



James Stergios is Pioneer's Research Director. Formerly a research associate, he assumed his current position in 2000. Mr. Stergios has taught economics at universities in Rome and Kyoto, Japan. He graduated

from Boston University summa cum laude in philosophy and economics and is currently finishing his doctoral dissertation in political sociology at Boston University's University Professors Program.



Alla Yakovlev is Program Coordinator for the Center for Urban Entrepreneurship. She joined Pioneer in 2000 as a research associate after working in the United Kingdom, coordinating international projects aimed at fostering a

conducive environment for small business through corporate-community partnerships. Ms. Yakovlev holds two master's degrees, in education administration and instructional design, from Boston University.