

WITHIN REACH



PIONEER INSTITUTE
PUBLIC POLICY RESEARCH

2013 ANNUAL REPORT



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OUR MISSION

Pioneer Institute, founded in 1988, is an independent, non-partisan, privately funded research organization that seeks to improve the quality of life in Massachusetts through civic discourse and intellectually rigorous, data-driven public policy solutions based on free market principles, individual liberty and responsibility, and the ideal of effective, limited and accountable government.

Pioneer promotes high-quality public schools, affordable healthcare, effective government, and economic opportunity by publishing rigorous research and engaging the public through media campaigns, forums featuring nationally recognized speakers, and information sessions with influential thought leaders.

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Center for School Reform

Promotes excellent school options for parents, world-class liberal arts-based academic standards, and accountability for results in public education.



Center for Healthcare Solutions

Advances high-quality and cost-effective care through a greater range of patient options and market-based approaches to healthcare policy.



Center for Better Government

Promotes government that delivers high-quality public services, focuses on core functions, and is transparent to Massachusetts residents.



Center for Economic Opportunity

Fosters policies worthy of Massachusetts' innovators, investors and employees — pro-business creation and pro-job growth.

Pioneer Institute, Inc. is a tax-exempt 501(c)(3) organization. To ensure its independence, Pioneer does not accept government grants.

PIONEER BY
THE NUMBERS



32 *Publications*

research papers, policy briefs, testimony, and event transcripts

2,252 *Media Hits*

articles, interviews, and editorials in newspapers, trade journals, TV and radio in Massachusetts and across the nation

89 *Attendees*

average per Pioneer event

63 *Events*

featuring Pioneer

Figures reflect Pioneer's 2013 fiscal year: October 1, 2012 through September 30, 2013



THE BEST OF TIMES, THE WORST OF TIMES?

Charles Dickens’ famous opening to *A Tale of Two Cities* came with a hedge. All times, he noted, are paradoxical — it is the human condition to be transfixed by hope and despair. But there are times when contradictions gain potency, such as when economic forces shift, when technologies disrupt the current order, or when great things are “within reach” but held back by institutional inertia.

We live that extreme paradox today.

The age of wisdom, the age of foolishness

Massachusetts’ public schools made enormous progress through 2005, when we became the top-performing state in the nation. Today, the Commonwealth places in the top six nations in the world in math and science. Yet policymakers seek to undo proven state reforms for untested national fads.

Boston boasts the best public charter schools in the country, yet they are stymied by political forces.

The epoch of belief, the epoch of incredulity

Our political leadership’s belief in top-down healthcare reforms is not new, but we now face the realities of disastrous implementation and new taxes that will impact most Massachusetts residents, and key industries. The lack of interest in leveraging private sector innovations and solutions is stunning.

The season of Light, the season of Darkness

State government revenue is growing almost twice as fast as Massachusetts household income; yet we are told we need even higher taxes. Technology could open up

new pathways to engage citizens and provide true Open Government. But bureaucrats refuse to give residents information they need and deserve.

Massachusetts’ economy is itself a tale of two cities. Greater Boston thrives, while the rest of the state struggles to remember the American Dream of a job, self-sufficiency, and social mobility.

Progress in these four areas – education, healthcare, good government, and business creation, which power freedom and prosperity – is within reach.

In times of such paradox, people want answers and are more open to the examination of evidence and new ideas.

Our work in 2013 gave thousands more children access to high-quality schools, turned the tide against Common Core, rejected a \$2 billion tax hike, brought more transparency to our public pension systems, and increased the reach of convenience clinics.

Pioneer aims for nothing less than ensuring that Massachusetts students are the best educated in the world, and our residents the freest, most prosperous people the world has known.

These outcomes are within reach.

But we must do more than wish for these outcomes. Pioneer rolls up its sleeves every day to make your hopes reality.

We thank you for the opportunity to do this work.





WITHIN REACH

Since its founding in 1988, Pioneer Institute has placed education at the core of its mission, recognizing that academic attainment is the pathway to social mobility and a better life for so many Americans of all backgrounds. The Institute’s 2012-13 school reform agenda focused on expanding charter schools and digital learning opportunities, promoting US History instruction, and broadening the campaign against Common Core standards and tests.

Pioneer informed the policy conversation on these issues by holding eight public forums, releasing fourteen publications that garnered 4,686 downloads, speaking at grassroots events and hearings in 16 states and the District of Columbia, and earning press coverage in over 1,000 print, radio and television news outlets across the country. These advocacy efforts gained traction within the Bay State and nationally in 2012-13.



“The charter sector here in Boston is the current standard by which all other charter sectors should be judged.”

– Edward Cremata, CREDO

CELEBRATING ACADEMIC SUCCESS: CHARTER SCHOOLS

Pioneer has long believed that parents and children deserve an alternative to failing public schools, and one of the most successful models for improving student achievement is the charter movement. Across the US, 6,000 charters enroll over two million children. Pioneer is proud of the special role it has played in launching and championing this successful model in Massachusetts. The Bay State’s first crop of charter school leaders was trained through a program that Pioneer developed, and today, there are nearly 80 charter schools across the state, serving over 30,000 mostly underprivileged children.

These schools have become a national success story. A 2013 study by Stanford’s Center for Research on Education Outcomes (CREDO) showed that Boston’s charter schools are doing more to close achievement gaps for low-income and minority students than any other group of public schools in the country. The typical Boston charter student gains the equivalent of over 12 months of additional learning in reading and 13 more months in math each year. Statewide, charter school students gain the equivalent of one-and-a-half more months of learning per year in reading and two-and-a-half more months in math.

The demand for more schools is clear. Across Massachusetts, over 40,000 schoolchildren remain on charter school waiting lists, over 16,000 in Boston alone. In February 2013, the Massachusetts Board of Elementary and Secondary Education (BESE) approved



“If you can’t use this state as a point for lifting the cap, I don’t know what else you can use.”

– Nina Rees, National Alliance for Public Charter Schools

five new charter schools and the expansion of eleven others out of an initial applicant pool of 22. But the Board’s decision opened seats for just 3,100 students, half of them in Boston.

In 2013, to bring attention to charters’ success, the growing demand for more access, and the roadblocks to charter expansion, Pioneer held three public forums with nationally recognized charter school researchers and advocates, published two in-depth studies tracing the history of charters, and placed pro-charter op-eds in 81 news outlets throughout Massachusetts and in Rhode Island.



The Institute collaborated with a network of influential charter advocates to support a legislative initiative to lift state-imposed caps on charter school growth. A bill filed by State Senator Barry Finegold and Representative Russell Holmes would expand access to charters for the children enrolled in the state's 29 lowest performing school districts. Thirty percent of all public school children, and 80 percent of students on the state's charter waitlists, are enrolled in these districts.

Nationally, 20 states have laws limiting the expansion of charter schools, according to the Center for Education Reform. Massachusetts' state law prescribes the total number of schools, and limits the districts' net school spending on charter tuition to 9 percent of total district enrollment. Since Massachusetts charters' inception in 1993, these restrictions have been adjusted three times. 2010 legislation raised the cap from 9 to 18 percent on students who can attend charter schools in the state's lowest-performing districts. By 2013, over 50% of those districts either reached the new limit or had room for just one more charter.



During the months leading up to the Board's annual vote on charter approvals, Pioneer launched a media campaign in support of several of the schools under consideration. This initiative included production of a video series, *Boston.com* blogs highlighting the schools' academic performance, and social media promotion. Pioneer met with editors and published op-eds in Boston and regional news outlets across the state to highlight charters' impressive performance relative to their district counterparts. Pro-charter op-eds and editorials appeared in the *The Boston Globe*, *the Boston Herald*, the *New Bedford Standard Times*, *Fall River Herald News*, *MetroWest Daily News*, and many more.

In 2013, Pioneer released two studies, *Preserving Charter School Autonomy*, and *Looking Back to Move Forward: Charter School Authorizing in Massachusetts*. Both reports called for restoring the independence of the state



“Looking at the results of the CREDO study, how would anyone not be running as fast as they could to remove any kind of hindrance to the growth of charter schools? What is the reason why our elected officials are not running over themselves to remove caps?”

– Howard Fuller, Marquette University Professor of Education

Charter School Office (CSO) to ensure that the approval process is once again objective and criteria-based. Other important recommendations include reviewing statutory language in 2010 legislation related to recruitment, retention, and enrollment restrictions, and eliminating the “proven-provider” requirement that limits all new charter school applicants in low-performing districts to those with established records of success. These restrictions threaten to subject charters to the same bureaucratic mandates that districts face, hindering these schools' autonomy and effectiveness.

Pioneer and other charter advocates have expressed concerns that these so-called “proven provider”



regulations could deter the kinds of applicants who launched Massachusetts' charter movement 20 years ago, and whose innovative approaches have become national models.

One charter network that clearly meets the “proven provider” requirement, SABIS® Educational Systems, has been rejected several times in recent years. SABIS

“A coalition of charter advocates, charitable leaders and business groups — including the Pioneer Institute, a free-market Boston think tank — are pushing for the bill.”

– *Wall Street Journal*

operates three successful Massachusetts charter schools in Springfield, Holyoke and Lowell, and serves more than 60,000 students in 15 countries. But during the 2012-13 cycle, SABIS' application to open a school in Brockton was rejected, despite the fact that the district remains in the lowest 10th percentile for performance and has no other charter school.

SABIS' application to expand in Springfield was also rejected, even though there is a 3,000-student waitlist. Its school dramatically outperforms the surrounding district, and was named one of the nation's top high schools by *Newsweek* and *US News* and *World Report*.

The lack of transparency surrounding the Board's SABIS decisions has led to speculation that it stems from bias against for-profit management companies, rather than from stated concerns about the quality of the proposals. In an effort to engage policymakers in a public debate

FEBRUARY FORUM

Charter Public Schools: Preserving Quality, Autonomy, and Choice

KEYNOTE: Nina Rees, President and CEO of the National Alliance for Public Charter Schools

INTRODUCTION: former Florida Commissioner of Education Gerard Robinson

PANELISTS: Massachusetts Teachers Association President, Paul Toner; Richard Kahlenberg, Senior Fellow, The Century Foundation; City on a Hill Public Charter High School Executive Director Erica Brown; and Dr. Cara Stillings Candal.

MODERATOR: Morton Orlov II, President, MassInsight Mass Math + Science Initiative

JUNE FORUM

Authorizing Excellence: Charter Public Schools in Massachusetts

FEATURING: Dr. Howard Fuller, national school choice advocate and distinguished professor of education at Marquette University

PRESENTATION: CREDO researcher Edward Cremata

PANELISTS: former Virginia and Florida superintendent Gerard Robinson, the Center for Education Reform Founder Jeanne Allen, Medford Superintendent Roy Belson, Pioneer Senior Fellow Cara Stillings Candal, and Albert Shanker Institute Executive Director Leo Casey.

CO-SPONSORS: Harvard's Program on Education Policy & Governance, the Black Alliance for Educational Options, SABIS schools, the National Alliance for Public Charter Schools, and the Massachusetts Charter Public School Association.



about the issue, Pioneer held an October event on SABIS and the role of for-profit charter operators. In December, Brockton Superintendent Matthew Malone, another vocal opponent of SABIS, was named the next Massachusetts Secretary of Education.

A MENU OF SCHOOL CHOICES

Pioneer has led public conversations on, and supports a menu of, alternatives to failing public schools in Massachusetts for over two decades. In 2012-13, Pioneer published reports highlighting parental options including online learning, vocational-technical schools, and Jewish Day Schools.



“With a recent Stanford study showing once again eye-popping results in charters, why would legislators stand in the way? Why would they not give kids who need it the most access to good schools?”

– Jim Stergios, *Boston Herald*

In 2013, the state legislature passed a law allowing gradual expansion to up to 10 virtual schools statewide by 2020. In the run-up to passage, Pioneer distributed a new report, *Online Learning 101: Starting a Virtual School and Its Challenges*, a guide to establishing an

online learning program. The study draws on interviews with researchers, academics and educators to address challenges such as defining an online learning program, estimating its costs, finding teachers and creating content.

In recognition of the Institute’s high-quality research on digital learning, the Foundation for Florida Virtual School honored Jamie Gass, Pioneer’s Director of the Center for School Reform, with the 2013 Opening Doors to the World “Virtie” Awards. Past winners include former Florida Governor Jeb Bush, and Innosight Institute’s co-founder and Executive Director Michael Horn.

Pioneer also released a study, *Hands-On Achievement: Why Massachusetts Vocational Technical Schools Have Low Dropout Rates*, presenting case studies of successful vocational education models, and offering recommendations for their expansion. The report explored some of the characteristics of the state’s high-performing vocational-technical high schools, including their appealing mix of academic choice, applied learning, intense mentor relationships, and high expectations. These attributes, combined with the schedule of alternating weeks of academic and trade education, make it easier for students to envision themselves in a career and more likely to stay the course. In 2011, the dropout rate at the commonwealth’s comprehensive high schools was 2.8 percent, compared to just 1.6 percent at voc-tech schools, and 0.9 percent at the more autonomous *regional* voc-techs. The lower dropout rates come despite the fact that voc-techs enroll a higher percentage of at-risk students.

Pioneer published, *And You Shall Teach Them Diligently: The History and Status of Jewish Day Schools in Massachusetts*, a report that raised awareness about the growing financial strains on these schools and the families of students who attend them. The state’s 19 Jewish day academies educate 3,000 students representing a wide variety of backgrounds and needs, including recent immigrants and those with learning disabilities. These schools instill communal and civic values not available in public schools. The report found that enrollment is declining due to economic factors, including



families' increasing need for financial aid, and the schools' decreasing philanthropic support.

One remedy that Pioneer has actively supported is the education tax credit scholarship, a constitutional and fiscally sound method of expanding educational options for low- and middle-income families. Participating corporations or individuals can receive full or partial tax credits when they contribute to state-approved, nonprofit scholarship organizations which grant tuition assistance to qualifying students. More than 150,000 children in 11 states – including Rhode Island and New Hampshire – benefit from these programs.



“Charter schools have been a success story in Massachusetts, but the charter authorizing process has become more politicized and is being used to subject charters to the same kind of regulation as traditional schools.”

**– Cara Stillings Candal,
Senior Education Fellow**

The report's author, Jason Bedrick, a policy analyst with Cato's Center for Educational Freedom, discussed school choice initiatives across the country at a Pioneer event last summer, "Two Voices on School Choice." He was joined by Lindsey Burke, Heritage Foundation Education Policy Fellow, and the event was held in honor of the late Milton Friedman, a national school choice advocate.

ENGAGING FUTURE CITIZENS: K-12 U.S. HISTORY INSTRUCTION

A common sense of U.S. History is essential for engaging future generations in American social, economic, and civic life. That's why Pioneer has always championed high academic standards that emphasize content, including instruction in U.S. History and civics. But recent national and state policy decisions regarding K-12 history and civics education threaten to prevent schoolchildren from learning about their national heritage.



OCTOBER FORUM

For-Profit Charter School Management: International Lessons from SABIS

KEYNOTE: Professor James Tooley, author of *From Village School to Global Brand: Changing the World through Education*

PANELISTS: Jim Peyser, former Massachusetts Board of Elementary and Secondary Education Chair, now partner at New Schools Venture Fund; Kathie Skinner, director of the Massachusetts Teachers Association's Center for Educational Quality and Professional Development; Joseph McCleary, President of the Academy of Notre Dame in Tyngsboro and former Superintendent of the Mystic Valley Regional Charter School in Malden; and Basan Nembirkow, former superintendent in Brockton who opposed SABIS's attempt to open a regional charter school there in 2008.

FEBRUARY FORUM

Quality Virtual Schooling: Global Best Practices

FEATURING: Julie Young, co-founder of Florida Virtual School, the nation's largest online education system, and Michael Horn, of Innosight Institute.

PANELISTS: Emory University English Professor Mark Bauerlein, Massachusetts State Senator Will Brownsberger, State Representative Martha Walz, and Michael Sentance, former New England Administrator for the US. Department of Education.

CO-SPONSORS: Florida Virtual School, Democrats for Education Reform, the Program on Education Policy and Governance at Harvard's Kennedy School and Innosight Institute.



Pioneer published two reports last year: *The Rise and Fall of the Study of American History in Massachusetts*, and *Shortchanging the Future: The Crisis of History and Civics in American Schools*. The Institute also hosted two public forums featuring Pulitzer Prize-winning historians and nationally recognized experts.

JANUARY FORUM

The Founders and Slavery: Teaching US History in Schools

FEATURING: Dr. Howard Dodson, director of Howard University’s Moorland-Springarn Research Center and Library System, and Dr. Jack Rakove, the William Robertson Coe professor of history and American studies and professor of political science at Stanford University

PANELISTS: Robert Pondiscio of Core Knowledge Foundation; Anders Lewis, of Advanced Math and Science Academy Charter School; Roger Desrosiers, retired Massachusetts history teacher; and Will Fitzhugh, founder of *The Concord Review*, which publishes exemplary non-fiction essays by high school students from around the world.

CO-SPONSORS: *The Concord Review*, Core Knowledge Foundation, Harvard’s Program on Education Policy and Governance, and the “We the People” program.

APRIL FORUM

To mark the 150th anniversary of the Emancipation Proclamation and the Gettysburg Address: The Legacy of Lincoln: U.S. History in American Schooling

FEATURING: Pulitzer Prize-winning Civil War historian and Princeton University Professor Emeritus James M. McPherson

OTHER SPEAKERS: Will Fitzhugh, publisher of *The Concord Review*, and Christiane Henrich, a Stanford University junior majoring in Biomechanical Engineering, who as a Massachusetts high school student, won TCR’s Emerson Prize for her 5,000-word essay, “Civil War Medicine”

PANEL: Roger Desrosiers, retired Massachusetts history teacher; Charles White, Associate Professor, the School of Education at Boston University; Sandra Stotsky, Professor Emerita the University of Arkansas, and Robert Pondiscio, CitizenshipFirst. Moderated by *Wall Street Journal* Assistant Editorial Features Editor David Feith, editor of the book, *Teaching America: The Case for Civic Education*

CO-SPONSORS: The Program on Education Policy and Governance at the Harvard Kennedy School, Citizenship First, *We the People*, and *The Concord Review*

Pioneer received press coverage in *The Atlantic*, WBZ News Radio’s “Keller @ Large,” and State House News Service, and placed op-eds on Native American history, the U.S. Senate, the American Revolution, and the War of 1812 in *The Lowell Sun*, the *Worcester Telegram & Gazette*, the *MetroWest Daily News*, the *Providence Journal*, and other regional newspapers.

Pioneer developed a new U.S. History website, “A Common Sense: Teaching America in Massachusetts Schools,” that encourages visitors to explore Massachusetts’ rich heritage, with interactive graphics, in-depth content drawing on local architecture and primary source documents, and testimonials from Massachusetts’ students, policy makers, and education leaders on the importance of U.S. History instruction. As part of the website launch, Pioneer announced “The Frederick Douglass Prize U.S. History Essay Contest,” open to all Massachusetts high school students.

“Decisions that affect a child’s education should be made at a level of government close to the parents and students who are affected.”

– U.S. Senator Charles Grassley,
Pioneer report

In 2013, a commission chaired by State Senator Richard Moore recommended making passage of a U.S. History MCAS test a high school graduation requirement for Massachusetts public school students. The commission’s report cited Pioneer Institute’s research and polling survey showing support among parents, teachers and legislators.

EXPOSING COMMON CORE: THE BATTLE FOR LOCAL, HIGH-QUALITY EDUCATION STANDARDS

Since 2009, Pioneer has sounded the alarm against Common Core national education standards, raising serious questions about their academic rigor, legality, transparency, and cost. In recent years, Pioneer has become a trusted resource for state and national policy groups, grassroots organizations, influential media figures, and public officials opposed to the nationalization of K-12 education.



In September, Pioneer published a report calling on the USED to end its practice of making adoption of Common Core a condition or incentive for receipt of federal funding or waivers from accountability



“Common Core proposes... that we cut back on useless appendages like Dickens and Wharton and Arthur Conan Doyle and Mark Twain in exchange for global awareness, media literacy, cross-cultural flexibility and adaptability... The Common Core approach looks to me like an apology for muddle-headed mediocrity.”

– Former Massachusetts Governor William Weld, June 2013 Pioneer forum

requirements. The new study, *A Republic of Republics: How Common Core Undermines State and Local Autonomy over K-12 Education* was authored by former Texas Commissioner of Education Robert Scott, with a preface by U.S. Senator Charles Grassley. Its findings built on a 2012 Pioneer report co-authored by two USED former counsels general, questioning the legality of this federally-funded and -led initiative.

At a June forum celebrating the 20th anniversary of Massachusetts’ education reform law, two of the legislation’s three primary authors, former Senate President Thomas Birmingham and former Governor William Weld, condemned Massachusetts’ decision to jettison its rigorous academic standards in favor of Common Core. The event included a panel with former Commissioner of Education David Driscoll, Governor Weld’s former education advisor Michael Sentance, former state Department of Education official and board of education member Sandra Stotsky, and Tripp Jones, who was chief of staff for Representative Mark Roosevelt, the Act’s third primary author. The panel was moderated by Bellwether Education’s Sara Mead, who serves on the board of Democrats for Education Reform.

In 2013, Pioneer’s Jim Stergios and Jamie Gass provided legislative testimony and participated in public forums and debates on 24 occasions in 16 states and D.C., including Florida, Colorado, New Hampshire, Indiana, Ohio, New York, Pennsylvania, and many more. The Institute influenced the withdrawal from Common Core testing consortia in Alabama, Florida, Indiana, Utah, Oklahoma, and Georgia.

Pioneer’s anti-Common Core efforts earned nearly 1,000 national and international media mentions last year, including print, radio and TV coverage. The Institute placed op-eds in the *Wall Street Journal* (“Common Core Education Is Uncommonly Inadequate,” May 27, 2013) and *The Weekly Standard* (“The Beginning of Common Core’s Trouble,” May 29, 2013). Jamie Gass appeared multiple times on talk radio stations across the US, including Oklahoma, Colorado, Utah, Idaho and Maryland, and Jim Stergios was featured several times on Fox News Channel.



IMPROVING HEALTHCARE CHOICES

Pioneer Institute's Center for Healthcare Solutions promotes patient-focused, affordable healthcare options in Massachusetts. In 2013, the Center published research and made nearly 500 media appearances raising public awareness about the true impact of the federal healthcare law on individuals and small businesses, and advancing reforms that would reduce healthcare costs in Massachusetts.

INCREASING ACCESS TO AFFORDABLE HEALTHCARE

Healthcare costs borne by Massachusetts' employers and employees are among the nation's highest. (Massachusetts' small businesses actually pay the highest insurance premiums in the nation.) Why does that matter? It hinders profitability and the ability to create jobs. High insurance premiums disproportionately impact low-income working families. Healthcare costs are the major driver of state and municipal budget increases, accounting for over 50% of Massachusetts' \$35 billion FY13 budget and leaving less funding available for priorities like educating the Commonwealth's children, protecting the public, and repairing worn-out roads and bridges.

At odds with the 2012 state healthcare reform law (Chapter 224), which granted sweeping regulatory oversight to state government officials and left healthcare decisions largely outside consumers' control, we seek to involve consumers in making healthcare decisions. In 2013, Pioneer was one of the only organizations in

Massachusetts offering proposals to contain healthcare cost growth.

Consumer Driven Healthcare (CDHC) plans promise numerous benefits for patients, employers, and governments. Pioneer's report, *Consumer Driven Health Care: A New Agenda for Cost Control in Massachusetts*, calls on business leaders and policymakers to increase consumer engagement by adopting more CDHC plans, as have a number of states, resulting in impressive health outcomes while saving patients, employers, and governments tens of millions of dollars.

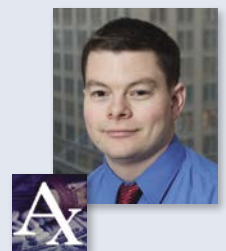
On average, CDHC plans can reduce premium contributions 28% for employees, saving up to \$1,500 per employee, and up to 20% for employers. In 2010, state employees in Indiana triggered \$23 million of savings by utilizing more CDHC plans, and in Florida the state saved \$118 million in 2010 by implementing a Medicaid pilot program that uses an HSA-style account.

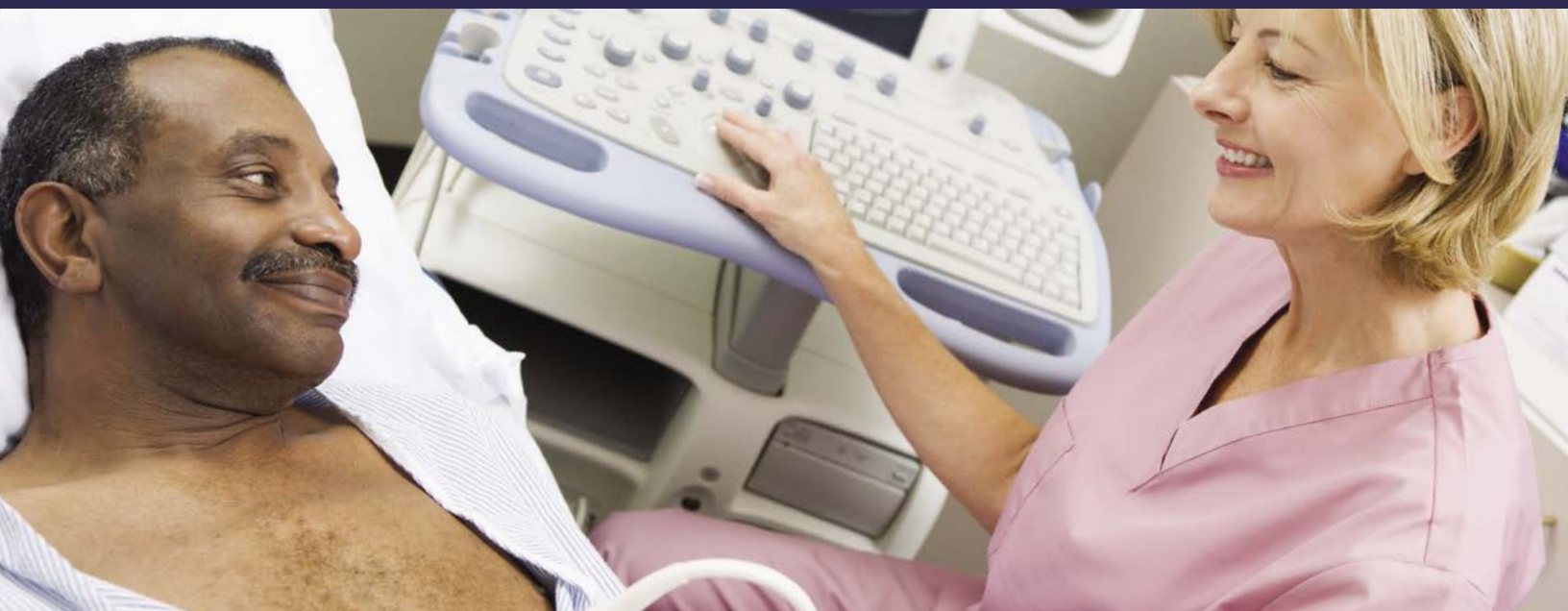
Nationally, it has been estimated that if adoption of CDHC plans grew from 13 percent to 50 percent, health care spending would be reduced by at least \$57 billion annually.

ASSESSING THE AFFORDABLE CARE ACT'S FINANCIAL IMPACT IN MASSACHUSETTS

The impact of the ACA on Massachusetts has been a source of concern for Pioneer, businesses and state policymakers. In 2013, Pioneer's policy briefs, infographics, events and media campaigns provide in-depth illustrations of the real-life consequences of the

In 2013, Josh Archambault continued to provide in-depth healthcare policy analysis for Forbes' "The Apothecary" blog, and his op-eds appeared in the *USA Today*, *Health Affairs Blog*, the *Boston Herald*, *Worcester Telegram & Gazette*, and more. He appeared on MSNBC, Fox 25, NECN, and received over 500 press mentions in local and national news outlets, including: *The New York Times*, *Breitbart News*, *National Review*, *The Weekly Standard*, *Politico*, *The Boston Globe*, the *Boston Business Journal*, the *Worcester Business Journal*, *RedState*, and many more.





“This is one of the misunderstood points about health reform. What Governor Romney and the Democratic legislature did in Massachusetts was much smaller and nimble. It reflected the fact that it was done at the state level. At the federal level, this is a whole new ball game.”

– Josh Archambault, “Up With Steve Kornacki,” *MSNBC*, July 2013

Patient Protection and Affordable Care Act (ACA) on healthcare costs, quality and innovation.

The ACA’s stated purpose was to reduce the burden of skyrocketing healthcare costs. A Pioneer study showed that it will reduce premiums for some subsidized individuals, but its so-called “Cadillac” insurance excise tax, which goes into effect in 2018, will increase premiums for over 50 percent of Massachusetts employees at all income levels.

The “Cadillac tax” is targeted at higher-cost insurance plans, but because of the Commonwealth’s high insurance premiums, the tax will affect any profession that provides robust healthcare benefits, including construction workers, teachers, police, public employees, and the majority of individuals with private insurance coverage. That’s by far the majority of the Bay State’s workforce. Upon implementation, a business employee on a family plan will pay more than \$87,000 in additional taxes, a police officer on a family plan

“In Massachusetts..., over half the state’s employees will be subject to the [Cadillac] tax, according to a report by the Pioneer Institute.”

– *The Weekly Standard*

\$54,000; a teacher on an individual plan will owe \$21,000 in additional taxes.

The report was frequently cited (*State House News Service, Boston.com, Boston Business Journal, Boston Herald, Fall River Herald News, and the Springfield Republican*) and debated in the closely watched U.S. Senate election campaign between Scott Brown and Elizabeth Warren.

State government officials know this, and that’s why Pioneer Institute filed a federal Freedom of Information Request (FOIA). We unearthed a letter from the state Division of Insurance (DOI) and Health Connector referencing a report warning that hundreds of thousands of small-business employees would experience “extreme premium increases” under the ACA unless the state was granted additional flexibility or a waiver from the new federal requirements.

In several blog posts, press releases, and a *Boston Herald* op-ed, Pioneer called on Governor Patrick to release this and other reports to the public. The business community and *The Boston Globe* followed suit, the latter publishing an editorial requesting that the Governor work to secure a waiver from some federal requirements.

A subsequent Pioneer study called attention to the federal ACA’s requirement that employers increase

APRIL 1, 2013

MED DEVICE TAX STARTS TO TAKE TOLL ON MASS. COMPANIES

BOSTON BUSINESS JOURNAL

by 62 percent the Medicare payroll tax withholding on employees whose modified adjusted gross income exceeds \$125,000 for married taxpayers filing separately, or \$250,000 for married taxpayers filing jointly.

“Massachusetts business owners need to be able to plan, and that means they need to have some idea about the future cost of their healthcare premiums. The fact is, state officials have information about the potential economic impact of the Affordable Care Act, and they have thus far refused to disclose what they know to the public.”

– Jim Stergios

Annually, this tax will cost these employees an additional \$166 million or approximately \$1.7 billion over 10 years. Unlike “basic” Medicare taxes, this additional tax is paid solely by the employee, to help finance the federal law. The ACA also imposes an unprecedented Medicare tax on net investment income, of 3.8 percent on interest, dividends, capital gains, rental income, royalty income, and passive activity businesses.

Another ACA financing mechanism is a 2.3 percent excise tax on medical devices. A Pioneer policy brief, *First, Do No Harm: The ACA’s Impact on Massachusetts’ Medical Device Industry*, estimated the tax liability would total more than \$422 million annually for just the 19 largest medical device manufacturers in Massachusetts.

The tax will impact over 100,000 jobs in the medical device and related industries. The Pioneer report has been cited by both the local and national medical device trade associations, as the best to date for Massachusetts.

Senator Al Franken (D-MN) referred to the medical device provision as a ‘job-killing tax’, and Senator Warren campaigned against it. Health care senior fellow Josh Archambault noted that the tax hike’s impact on innovation will be felt more heavily at smaller companies than at larger companies, since smaller firms often lack a diversified product line.

FEDERAL LAW & MASSACHUSETTS MEDICAL DEVICE INDUSTRY BY THE NUMBERS

NEW ACA TAX COSTS

	MA EMPLOYEES	NEW TAXES
PHILIPS HEALTHCARE	3,200	\$122,751,000
COVIDIEN	1,800	\$98,496,991
BOSTON SCIENTIFIC CORPORATION	2,825	\$92,230,000
SMITH & NEPHEW ENDOSCOPY	795	\$40,388,000
TOP 19 COMPANIES	13,209	\$422,253,788

% OF COMPANIES THAT WILL:

CUT R&D BUDGETS	50%
PASS TAX STRAIGHT TO END USERS	44%
CUT INTERNAL COSTS	39%
SHRINK SIZE OF WORKFORCE	25%

*KPMG for Mass Medical Device Industry Council (Feb 2012)

INDUSTRY STRENGTH



Deloitte 2011, *As of 2008, ****The Lewin Group 2010

Center for Health Care Solutions





Denise Doyle, Chuck Hewitt, Mary Connaughton and Joan Cunnick



Colin Longval, Erin Blake Elefante and Patrick Brennan

2013 HEWITT HEALTH CARE LECTURE

Pioneer Institute’s annual Hewitt Lecture convenes professionals in medicine, research, business, and public policy to hear from nationally recognized experts on the key health care issues of the day.

With big questions surrounding a 2012 Massachusetts law that imposes a top-down bureaucratic approach to containing healthcare costs and the federal law’s impact on cost trends in the industry, we paired up two of the nation’s premier analysts to discuss (debate!) “Who Controls Health Care Costs?” at the 2013 Hewitt Lecture.

David Cutler, Otto Eckstein Professor of Applied Economics in the Department of Economics at Harvard, and Avik Roy, senior fellow at the Manhattan Institute, addressed current cost containment strategies and explored promising solutions. Harvard School of Public Health Professor Nancy Kane served as moderator.



Christopher Laconi, Avik Roy, Adam Rutledge and Thatcher Gearhart



“We in the US do not live in a free market health care system. We live in a system that is actually roughly half single payer and half quasi private, of which the people who think they have private sector insurance really don’t because they’re getting insurance from their employer at a heavily subsidized rate, heavily regulated by the government.”

– Avik Roy



“Budgets are being eaten up by healthcare. The growth of the state budget has been totally dominated by health care. How have we met that? Funding for everything else has declined, ranging from public health to mental health, education, state aid, housing and infrastructure. Something has to be done.”

– David Cutler



A LEADING VOICE ON STATE GOVERNMENT SOLUTIONS

Pioneer’s Center for Better Government played a vital role in shaping the Commonwealth’s major state budget and transportation policy debates in 2013, focusing on responsible fiscal management amid calls for a sweeping array of tax increases. Through proactive marketing of substantive proposals, Pioneer built consensus and advanced solutions that saved taxpayers over a billion dollars.

Pioneer also launched an ambitious new research initiative to bring much-needed attention to problems with Massachusetts’ pension system, recommending reforms to put it on a sustainable course. In 2013 our government transparency portfolio matured into a rich resource for journalists, citizens, and public officials working to uphold the public trust.

in Massachusetts has grown under 25%. State policy makers owe a demonstration of sound fiscal management, openness to spending reductions, and an understanding of the economic ramifications of their proposals.

Pioneer began the year with a critical analysis of the short- and long-term implications of Governor Patrick’s budget plan, which would increase state spending 6% a year through 2017. Pioneer followed with numerous objections, noting that the governor’s plan overstated the economic benefits and understated the costs of proposed expansions, and ignored the negative multiplier effects of new taxes.

But leaders offer solutions, not just criticism. Rather



“Massachusetts has a maintenance backlog of billions of dollars. Instead of addressing that, about 40% of the Governor’s plan, or \$4 billion, goes to new projects that don’t have much ridership, like a rail line from Boston to Springfield. If there were that many people wanting to come to Boston from Springfield, Peter Pan buses would have long lines.”

– Jim Stergios, on *Fox 25*

RESPONSIBLE BUDGET AND TRANSPORTATION PROPOSALS

Pioneer was the first and most sustained voice calling for close scrutiny of Governor Patrick’s 2014 Massachusetts budget proposal, which introduced a staggering \$1.9 billion in tax increases, including the first income tax hike in 20 years and business tax increases. Through well-timed and in-depth analysis, a steady and energetic media presence, and presentations and meetings with state leaders, Pioneer led the charge to roll it back.

Since 2005, the size of the state budget has grown by 42%, from \$24 billion to nearly \$33 billion, despite the rising influx of federal support for state programs. During that same period, personal income

than merely joining the “reform before revenue” chorus of opposition, Pioneer developed a timely and comprehensive new transportation financing proposal with specific funding sources and reforms that the state Department of Transportation (MassDOT) should implement to progress toward a transit system that supports both its daily customers and future economic development.

In *The Pioneer Plan for Massachusetts’ Transportation Needs and Driving Reform: New Study on Real Solutions to Our Transportation Challenges*, Pioneer called for \$2.6 billion in new investment over six years, tied to implementation of the state’s 2009 transportation law and other reform efforts. Key provisions included the re-establishment of

“The T management has been trying to do the right thing, but they’re handcuffed by a culture at the MBTA garages of ‘don’t kill the job.’ That’s why we have extraordinarily high wages. We think that the T could potentially save hundreds of millions a year across the system.”

– Greg Sullivan, on *NECN*



the MBTA management rights to outsource and control employee assignments, the development of performance metrics, a focus on maintenance and upgrades to our current infrastructure, modeling project lifecycle costs, and ending both the practice of paying 2,000 employees out of the capital budget (itself bringing savings of over \$200 million annually) and the diversion of transportation revenue to the General Fund.

The plan enacted by the legislature included a number of these important provisions and rejected the governor’s call for billions in new taxes.

As part of Pioneer’s effort to advance its proposal and inform the public conversation, Executive Director Jim Stergios appeared numerous times in the pages of *The Boston Globe*, *Boston Herald*, and dozens of local newspapers, and on *NECN*, *Fox 25 News*, *WBUR*, and *WRKO*.

“We agree that there is a need for hundreds of millions of dollars in capital improvements. But, one of the things that’s really driving the cost of the T and the commuter rail system is the extraordinarily high compensation that the employees have, including work rules.”

– Greg Sullivan, on *WBZ-TV*

As the Massachusetts legislature was deliberating over raising taxes for transportation expansion projects, Pioneer’s Gregory Sullivan raised serious questions

about fiscal management of the MBTA’s commuter rail contract. *Runaway Transportation Costs* revealed that labor accounts for more than 70% of the system’s total costs, and that employees receive lavish salaries and benefits compared to the rest of the state workforce.

Sullivan called for establishment of a commission to ensure that commuter rail labor contracts are made public, and for legislative action to change the most egregious provisions of state contracts. The report received extensive coverage in the *Boston Herald*, and Sullivan was interviewed by *Fox 25*, *CBS Boston*, *WCVB-TV*, and other outlets.

Sullivan’s subsequent report, *The MBTA’s Out-of-Control Bus Maintenance Costs*, identified serious problems with the MBTA’s bus maintenance program, including jaw-dropping costs, excessive staffing and compensation levels, and a restrictive anti-privatization state law that effectively prohibits the MBTA from competitively procuring less expensive repair services. As a result, the MBTA spends more than twice as much repairing its bus fleet than comparable transit agencies in the U.S. Bringing costs into line with other agencies would save at least \$250 million over six years. The MBTA ranks 2nd out of the nation’s 29 largest transit systems in number of full-time maintenance personnel per bus mile traveled (63% higher than average), and 4th out of 344 bus transit systems in maintenance cost per mile traveled (94% higher than average).

The report was released at a press conference on the steps of the Massachusetts State House, and received coverage on *NECN*, *WBZ*, *The Boston Globe*, *WBUR*, *Boston* magazine, and *CommonWealth* magazine.



A September policy brief and media campaign called for repeal of Governor Patrick's proposed sales tax on computer and data processing services, one of the state's most important industries, to fill a \$160 million gap in transportation funding. The report likened the "tech tax" to "killing the goose that lays the Massachusetts economy's golden egg."

Pioneer outlined specific savings and revenues to cover the funding gap in lieu of the tech tax. The law drew widespread criticism, and by a near-unanimous vote, was repealed by the Massachusetts legislature.

PRESERVING RETIREMENT SAVINGS THROUGH SUSTAINABLE PENSION REFORM

Pension liabilities are triggering bankruptcies all across the country, from Central Falls, Rhode Island to Stockton, California, and of course, Detroit.

reform, hiring a full-time senior fellow on finance, publishing an in-depth series of reports, and developing an online application allowing the public to review and compare the performance of the state's 105 retirement boards. Through these initiatives, as well as meetings with working groups of financial professionals, public officials, and business reporters, Pioneer highlighted the urgency of putting Massachusetts' public employee retirement benefits on a sustainable path.

In *Fiscal Implications of Massachusetts' Retirement Boards' Investment Returns*, Pioneer recommended that pension boards across Massachusetts use more rigorous actuarial assumptions about pension fund investment returns. Under the Commonwealth pension boards' current assumed return rates of 7.5-8.5%, the report estimated that the state's payments to retire its unfunded liability will gradually increase from just over \$1 billion last year to about \$3.2 billion in 2040, the statutory deadline for

"A lot of Massachusetts pension systems are poorly funded. In 2012, 74 systems out of 105 earned a grade of F on their funded ratios, which means they're funded at 60% or below. There is very little transparency regarding the decisions made, by whom, and for what reason. We pour ever more money into the pension system and get mediocre results."

– Iliya Atanasov, on *WRKO*

Massachusetts has managed to preserve most benefits for its 500,000 retirees and active public employees, but its retirement system has been deeply impacted by the economic downturn.

In 2010, the Commonwealth's total reported liabilities were \$92 billion, almost \$31 billion of which remained unfunded. Instead of taking steps to fully meet pension obligations, Governor Patrick pushed out the funding schedule to 2040, adding billions of dollars to future budget expenditures. And state pension managers have relied on unrealistic investment return assumptions, with little accountability for performance.

In 2012-13, Pioneer renewed its focus on pension

fully funding public pensions. Payments for all of the pension boards are projected to reach about \$3.5 billion by 2040. The report suggested accelerating the rate at which the boards pay down unfunded liabilities.

Pioneer followed that study with a report, *Improving the Investment Performance of Massachusetts Pension Funds*, calling on the Public Employee Retirement Administration Commission (PERAC) to provide greater transparency about the retirement system's financial condition and investment performance. The report suggested using clear benchmarks consistent with actuarial and target returns, to improve the performance of retirement systems statewide and reduce the costs of funding public pension benefits.

In March, Gregory Sullivan became Pioneer's new Research Director, bringing over three decades of public sector experience as a state legislator working to promote fiscal responsibility and as the state's two-term Inspector General, investigating fraud across a broad range of policy areas. Sullivan quickly became a trusted, go-to source for media and public officials across party lines, who value his expert perspective on state governance issues.

“The [Massachusetts] Legislature’s exemption from both open meeting and public records law marks it as a privileged body that under-serves taxpayers. According to the non-profit organization Sunshine Review, every other New England state legislature is subject to open public records and open meeting laws, making Massachusetts a shameful anomaly.”

– Mary Z. Connaughton and Adam Campbell, in the *Boston Herald*



Pioneer garnered widespread interest from municipal officials and local media when it unveiled the MassPensions.org online tool, providing year-by-year comparative data and ratings for the performance of each of the Commonwealth’s retirement systems.

Another report forced PERAC to update its public reporting of stipends to board members and ex-officio members. Massachusetts’ retirement systems for public employees are each administered by a five-person board and various numbers of board staff. The study recommended combining the boards into a single municipal retirement board or merging them with the state board, saving \$27 million annually in labor costs and stipends that could be shifted back into amortizing unfunded liabilities.

MassPensions.org and Pioneer’s research on pension transparency were cited in dozens of news outlets throughout Massachusetts as a wake-up call for municipalities on the need to address their obligations to retirees. Press coverage included: *NECN, WBUR, WRKO, WWLP, The Lawrence Eagle Tribune, Fitchburg Sentinel & Enterprise, The Lowell Sun, The MetroWest Daily News, Boston Herald, Newburyport Daily News, Boston Business Journal, The Boston Globe, Worcester Telegram & Gazette, New Bedford Standard Times, The Attleboro Sun Chronicle, The Salem News*, and more. Op-eds authored by Pioneer Senior Fellow Iliya Atanasov appeared in *Worcester Telegram & Gazette, The MetroWest Daily News, Boston Business Journal*, and *Real Clear Policy*.

OPEN AND ACCOUNTABLE GOVERNMENT

A vibrant democracy depends on an actively engaged citizenry, and a healthy dose of government transparency. Pioneer Institute has long promoted greater access to state and local information, so that Massachusetts taxpayers can see firsthand how their

funds are being spent, and how decisions are being made. This year, Pioneer advanced that goal, under the stewardship of Mary Z. Connaughton, Pioneer’s Director of Finance and Administration.

Connaughton recruited and trained a cohort of college interns to serve as investigative reporters, to support the Institute’s transparency initiatives and attract more users to its online resources. The team analyzed data, uncovered leads for stories, and worked with senior staff and Pioneer’s FOIA submission partner,





MuckRock, to generate ideas for public records requests. They publicized their findings on Pioneer’s Blog, and through opinion pieces in news outlets across the Commonwealth.

Pioneer’s transparency toolkit includes MassOpenBooks.org, MassReportCards.org, MuniShare.org, and in 2013, MassPensions.org. The Institute also offers a municipal finance utility that allows users to compare communities across an array of spending categories.



MassOpenBooks.org is a searchable database containing state employees’ salaries, pension payments, and vendor records showing exactly how tax dollars are being spent. Users can obtain data about specific people or departments, make comparisons between agencies, and access a range of analytical tools.



Munishare.org is an innovative clearinghouse that builds on the practical experience of local leaders and empowers cities and towns, regardless of their size, to share information and ideas for reform. Unpredictable state aid levels and skyrocketing benefit liabilities make this resource more important than ever.



MassReportCards.org provides reports and ratings on the quality of our children’s public schools and districts throughout the Commonwealth. Users can compare multiple schools or districts, based on their choice of metrics including MCAS scores, dropout rates, and other important indicators.



MassPensions.org is the newest addition to Pioneer’s transparency toolkit, designed to help users understand the performance of Massachusetts’ 105 local municipal and county public pension systems. The site provides ratings, based on publicly available information on individual retirement systems’ investment performance, funded ratio, and annual rates of return.

“The Patrick administration touts its transparency, and now it has a meaningful opportunity for its deeds to live up to its words by releasing the information about impending rate hikes. For the state’s businesses, time is running out.”

– Mary Z. Connaughton and Josh Archambault, in the *Boston Herald*

Pioneer has long called for more accountability on Beacon Hill, and it came as no surprise that the Massachusetts state legislature received a grade of F on the Sunlight Foundation’s Open Legislative Data Report Card. In a *Boston Herald* op-ed, Mary Connaughton and transparency intern Adam Campbell recommended making the state legislature subject to the Massachusetts Public Records Law. They noted that the legislature operates outside the purview of the state Auditor, and exempts itself from open meeting laws.

In another op-ed, Pioneer recommended strengthening 2009 ethics reform legislation so that contributions to lawmakers from registered lobbyists are clearly identifiable in reports filed with the state Office of Campaign and Political Finance.

Pioneer also called for more transparency from the Executive Office. In an open letter and an op-ed, Pioneer demanded release of information that the Patrick administration withheld from the public, warning of health care insurance premium increases in the double digits as a result of ACA implementation.

In transportation, Pioneer research led to a *WCVB-TV* investigative report on the MBTA, featuring Mary Connaughton. The segment showed the state transit authority offered \$5 million in free rides last year to employees, retirees, and 8,000 others.

In the area of education policy, Pioneer’s transparency team wrote analysis and commentary highlighting the tragic disparity that persists in school district performance, comparing the salaries of toll takers’ and state college professors’ salaries, and reviewing the administration of special education services in public school districts.



THE FREEDOM TO PROSPER

Starting from the strong foundation of deep empirical research, the Center for Economic Opportunity advances the most effective and sustainable ways to stimulate business and job growth in the Commonwealth.

MASSACHUSETTS' NEW ECONOMY

In 2013, Pioneer released “Massachusetts’ New Economy,” a capstone video summarizing two years of research. The findings from Pioneer’s seven-part series, conducted with Northeastern University, underscored weak job growth over 20 years, troubling stagnation (and decline) outside of Great Boston, state agencies focused

“With its high cost and perverse incentives, Massachusetts’ unemployment insurance system is a job-killing machine. The reforms proposed by Governor Patrick are important steps in the right direction.”

– Charles Chieppo & Jim Stergios,
Fall River Herald News

on failed strategies such as incentivizing companies to relocate to Massachusetts, a decline in average firm size in the state due to the rise of single proprietor firms that do not hire new employees, and the loss of a third of the state’s headquartered businesses.

Massachusetts has a long-term job creation problem. Pioneer’s strategy focused on two initiatives.

As noted on page 16, in the spring of 2013, Pioneer waged a media campaign against the executive branch’s plan to increase taxes by \$1.9 billion and the proposed sales tax on computer and data processing services. In doing so, we identified specific alternatives to those ill-considered tax proposals. To increase investment in transportation, Pioneer research suggested redirecting revenue and savings from exempting the MBTA from

the commonwealth’s anti-privatization “Pacheco” law, issuing proof-of-payment smart cards on the commuter rail, deregulating taxi and livery services, and like other states using Bureau of Labor Statistics data to calculate prevailing wages.

The Center again sought changes in the state’s unemployment insurance system, which is a major business cost and slows hiring. Established to provide temporary financial security to individuals who lose their jobs through no fault of their own, today Massachusetts unemployment insurance system places a “per job” tax burden on employers of \$745, twice the U.S. average. This year, in addition to a freeze in scheduled UI rate hikes, Pioneer wanted to reset benefits duration to 26 weeks, require employment over two quarters, and make firms frequently using the system pay their fair share.

In op-eds, Pioneer praised Governor Patrick for filing legislation that would freeze unemployment insurance rates and make it harder for municipal employees to game the system. Unfortunately, a legislative fix lost traction in the House and Senate.

Finally, Pioneer continues to challenge the conventional wisdom on the state’s billion-dollar biotech incentive program. Years into the program, it has generated only a few thousand of the promised 250,000 jobs. We began a long-range project to devise strategies to regain leadership in all areas of the knowledge economy.





EXPANDING OUR MEDIA PRESENCE

Pioneer Institute is a leading state policy think-tank, a resource for legislators on Beacon Hill and staff in the State’s executive offices, and we attract more press than any other research institute in Massachusetts. In 2012-13, we earned over 2,000 media mentions in local, state and national news outlets for our trusted insights on public policy topics ranging from Common Core national education standards and

the impact of the federal health law, to state budget and transportation funding, government waste and abuse, and much more.

We amplify our research and analysis through frequent appearances in television, radio and print news outlets, as well as regular blogs, and increased use of social media platforms such as Twitter, Facebook, YouTube, Reddit, and other communication tools.



“We are the fastest growing transit system in the country with a stagnant population. We’ve dug ourselves deep into a hole, where the MBTA spends about 30% of its operating revenue on debt. Our conclusion is, we should pay for maintenance and repair, but we have no business digging other, new big holes through expansion.”

– Jim Stergios, *NECN*

“Patrick’s [budget] plans would hit many middle-class taxpayers, who are facing stagnant household income and rising federal payroll taxes. Individuals who make more than \$50,000 a year and families who make over \$60,000 a year would all see a tax hike under Patrick’s plan. That’s not the 1 percent.”

– Jim Stergios, *The Boston Globe*

“The [federal healthcare] law won’t work without state and local execution of the reform. Governors need to use that fact to exact a price, greater flexibility, for their cooperation. Obama would be wise to play ball. The more governors can tailor reforms to their state, the more they can mitigate premium spikes, doctor shortages, state budget shortfalls and other problems potentially caused by the law.”

– Josh Archambault, *USA Today*

“A 21st century transportation system doesn’t require asking taxpayers to pay for an array of low-use, politically expedient expansions while picking up the tab for a 20-year transit expansion binge.”

– Jim Stergios and Charles Chieppo, *Boston Herald*

“The [Common Core] standards were generally adopted by governors’ offices and state boards of education eager for Race to the Top money. The state legislatures that fund American K-12 education were largely bypassed.”

– Jamie Gass and Charles Chieppo, *Wall Street Journal*

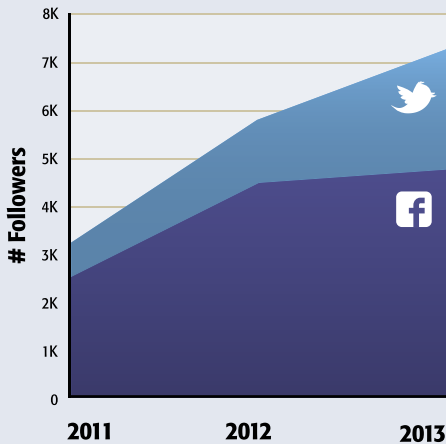
“Massachusetts still has the highest premiums in the country. But here in New York, the problem — and the million dollar question — is, can you get young, healthy people to decide to purchase insurance that they deem is unaffordable?”

– Josh Archambault, “Up With Steve Kornacki,” *MSNBC*

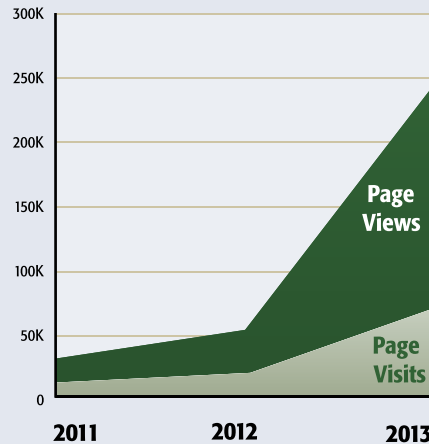


In 2013, Pioneer’s Jim Stergios became a regular contributor to RadioBoston’s Week in Review on WBUR, Boston’s NPR affiliate, joining media personalities to offer commentary on timely events in public affairs and policy.

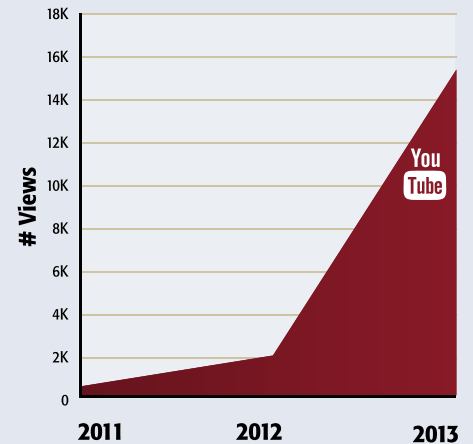
GROWTH IN SOCIAL MEDIA REACH



WEBSITE TRAFFIC GROWTH



YOUTUBE TRAFFIC GROWTH



Pioneer continues to build out its consistent media presence with newspaper, radio and television appearances in regional, state, and national markets, as well as through videos, blogs and social media.



“The state Department of Transitional Assistance’s handing out \$25 million in welfare benefits to ineligible recipients since 2010 shows they clearly lack the basic checks and balances that you need when you are in control of taxpayers’ money. The federal government wants the money back, but where’s that money going to come from? The answer is: our pockets.”

– Mary Z. Connaughton, *Fox 25*



“Different state leaders claim they had an enormous amount of influence on Common Core and that’s just not possible, and not true, because we’ve known that it was written by a small number of people in Washington, D.C.”

– Jamie Gass, *NECN*

“While Rhode Island may consider Massachusetts is doing better, the fact of the matter is Massachusetts is Greater Boston and three Rhode Islands grafted onto it. The high unemployment rates you see in those areas are similar to those in Rhode Island.”

– Jim Stergios, *Providence Journal*

“It is worth reminding our friends who call it a conservative policy that Common Core would have been a bridge too far even for President Johnson, who signed the ESEA, and President Carter, who signed the law creating the federal Department of Education.”

– Jamie Gass & Jim Stergios, *The Weekly Standard*

“We believe there are still further reforms the MBTA needs to implement before we hand over \$3.1 billion to them. They are not exactly the best run organization in the state.”

– Jim Stergios, *WBUR*

“We know Obamacare right now is projected to cost \$1.4 trillion over the next ten years. If a lot of companies decide to dump insurance and send employees to government programs, that number will balloon significantly, probably doubling costs.”

– Josh Archambault, *Fox 25*

“Why would the Legislature spend \$525 on a tailor, \$1,050 on limousine service and \$59,000 at WGBH last year? And the numbers get even bigger.”

– Mary Z. Connaughton & Adam Campbell, *Boston Herald*

“We should have a mortgage system that does not subsidize the financial industry at the expense of taxpayers and debt-ridden retirees, but rather restores our homes and our nation’s fiscal house to a surer and securer financial foundation.”

– Iliya Atanasov, *Real Clear Markets*

“The fact that somebody in state government was disclosing that they had a direct conflict of interest, that they were acting to have their own child hired, and that their superior said ‘fine’ – that is a serious flaw. The people that they hired here had barely any qualifications, and no experience in the field. This should be investigated by the Patrick Administration, and outside parties.” – Greg Sullivan, *Fox 25*





ENRICHING THE INTELLECTUAL CLIMATE

Signature and Member Events

Pioneer Members include local business leaders, state policy makers, and individuals who support our vision of effective, limited and accountable government. Membership at Pioneer offers valuable networking opportunities through exclusive events, special member outreach, and individual access to Pioneer staff.

Pioneer Institute holds three annual signature events: the Hewitt Health Care Lecture, the Better Government Competition, and the Lovett C. Peters Lecture in Public Policy.

The Hewitt Health Care Lecture brings together Greater Boston's most influential professionals in the fields of medicine, health insurance, research, business, and academia for lively conversations with national experts. Past speakers include Dr. Don Berwick; Charlie Baker, Jr.; Avik Roy; David Cutler; Jim Capretta; Dr. Regina Herzlinger; Dr. Douglas Holtz-Eakin; and Dr. Jonathan Gruber.

Through its annual **Better Government Competition Awards Ceremony**, Pioneer highlights some of the nation's most innovative public policy proposals, before an audience of influential figures in the worlds of business, academics, politics, and journalism. In recent years, the event has featured prominent keynote speakers, including financial publisher Steve Forbes,

national political commentator Michael Barone, Texas Governor and former presidential candidate Rick Perry, former Washington, D.C. Schools Chancellor Michelle Rhee, and many more.

The Lovett C. Peters Lecture in Public Policy, named in honor of Pioneer's founder, was established to recognize thought leaders whose ideas or accomplishments have made a significant contribution to society. Through this event, Pete Peters sought to both inspire and give thanks to the Institute's core supporters for their commitment to our mission of improving the quality of life in Massachusetts. Past honorees include: medical researcher Deepak Srivastava, virtual education innovator Sal Khan, former Florida Governor Jeb Bush, former Newark Mayor Cory Booker, and X Prize Founder Peter Diamandis.

Throughout the year, Pioneer Institute enriches Boston's intellectual climate by hosting free educational breakfast or lunch forums with nationally recognized speakers and expert panelists. These events provide unique opportunities for attendees to hear from Pulitzer Prize-winning authors, leading scholars, and policymakers with diverse points of view.

For Pioneer members, the Institute offers exclusive invitations to quarterly, catered events at prestigious venues throughout Boston, featuring experts on a range of social, cultural, political and international topics. This year, our member events series featured stimulating presentations on presidential politics, intellectual property, the federal budget, and higher education leadership. These events, open exclusively to members, offer a more relaxed setting than our public forums, providing more interaction with our presenters and other attendees.

The "Pioneer New Leaders" program is a network of younger professionals who share the Institute's mission. New Leaders receive exclusive invitations to member lectures and signature events, and other opportunities to network with Pioneer's core supporters.

Lovett C. Peters Lecture 2013: Kingman Webster, Brian Gaudet and Andrew Myers





Lovett C. Peters Lecture 2013 (L-R):

*Standing: George Lovejoy, Polly Townsend, Nina Moriarty, Dick Jackson, Angie Tyler and William Tyler, Jr.
Seated: Anne Jackson, Marshall Moriarty, Dierdre Collins and William Tyler*



Lovett C. Peters Lecture 2013 (L-R):

*Standing: Ray Stata, Jim Stergios, Binky Peters-Stephenson, Dan Peters, Kingman Webster and David Spina
Seated: Niall Ferguson, William Ederly, Lois Ederly and Stephanie Spina*



Lovett C. Peters Lecture 2013 (L-R):

*Standing: Bruce Johnstone, Barbara Jordan, Lionel Spiro, Brent Johnstone and Maureen Bousa
Seated: Vivian Spiro, Bill Hicks, Holly Johnstone, Edward Bousa and Bob Pemberton*

MEMBER EVENTS

Pioneer members enjoy exclusive invitations to quarterly events, which offer intellectual and cultural enrichment as well as networking opportunities with other supporters.

January 23, 2013

“The Fiscal Cliff”

Featuring C. Bruce Johnstone, Managing Director and Senior Marketing Investment Strategist, Fidelity Investments

March 29, 2013

“Laws of Creation: Property Rights in the World of Ideas”

Featuring Ronald Cass, Dean *Emeritus*, and Keith Hylton, the Honorable Paul J. Liacos Professor of Law, Boston University

April 12, 2013

“Reflections on the National Campaign”

Featuring Beth Myers, Advisor to Governor Mitt Romney

May 29, 2013

“Free Markets Around the World”

Featuring Brad Lips, CEO of the Atlas Network

June 18, 2013

“Building Tomorrow’s Global Leaders”

Featuring Dr. Kerry Healey, President, Babson College



THE BETTER GOVERNMENT COMPETITION

The 22nd annual Better Government Competition focused on strategies to grow jobs. Pioneer received hundreds of proposals on topics ranging from improving job training and vocational education programs to removing legal and regulatory barriers preventing small businesses from hiring more employees.

participate in a regional worker training program without a specific tie-in to a job and then seek work. Munday proposes collapsing that into an on-the-job training program, run by the company, with a commitment to hire the trainee and the redirection of some of the unemployment insurance benefits to offset the cost of the training program. The result?

“The re-shoring of manufacturing jobs is upon us and we’re not prepared to take advantage of it because we don’t have enough qualified, skilled people to fill these newly available positions. Last year, I turned away business and I didn’t buy capital equipment because I didn’t have enough skilled people. What works well is on-the-job training, where the employer hires candidates at the start of training and instantly removes them from the unemployment rolls.”

– Michael Munday, Better Government Competition Winner

Our 2013 winner was Michael Munday, Chief Executive Officer of Arwood Machine Corporation, an aviation equipment manufacturer located in Newburyport, Massachusetts. Munday focused on how to overcome hiring obstacles in traditional job assistance programs. Currently, an individual losing a job will likely receive unemployment insurance while out of work, perhaps

An individual who acquires the right skills, a new livelihood and renewed dignity; and a company that can hire up quickly. Munday was profiled in the *Daily News of Newburyport*, his idea widely covered in the press, and in October, the state Legislature established a Manufacturing Caucus to address workforce training issues.

2013 Better Government Competition winner, Michael Munday



The four runners-up presented ideas to free entrepreneurs from municipal government regulations, connect start-ups with mentorship, training, and financial opportunities, drive urban redevelopment more effectively, and weed out unproductive government incentives for businesses.

Appropriately, given the 2013 Competition’s theme, the keynote for our September 30 awards gala was Steve Forbes, Chairman and Editor-in-Chief of Forbes Media. After sharing insights on the national budget debate, the debt ceiling and the implications of the federal health care act, Steve laid out a

“We spend 6.5 billion hours a year filling out tax forms, the equivalent of 3 million full-time jobs for a dead-end activity. Imagine if that brain power could be used for implementing some of the ideas you have heard here tonight. How much more vibrant and richer this country would be.”

– Steve Forbes, Better Government Competition



(L-R) Margo Layton, Allison Khamayzer, Sarah Ordway, Kelly Verrochi and Robin Azar



Standing (L-R): Jean and John Kingston, Dan Peters and Roger Scoville
Seated (L-R): Elizabeth and Stephen Fantone, Steve Forbes, Jim Stergios and Ellie Dorr



Standing (L-R): Jane Johnstone, Praveen and Sunanda Sabay, and Mark Robinson
Seated (L-R): Molly Downer, Brent Johnstone, Anne Webb-Johnson, Michael Fix, and Anne Kilguss



(L-R) David and Betsy Powell and Bob Anthony

five-part plan to grow jobs that would address the chief obstacles to US economic prosperity: monetary policy, the convoluted tax code, and excessive regulation.

We thank our panel of judges for their time and dedication to the Better Government Competition selection process, and to the goal of economic growth: Steven P. Akin, Pioneer Institute Board of Directors,

Tracey E. Flaherty, Natixis Global Asset Management, Dr. John H. Friar, Northeastern University, April Anderson Lamoureux, Anderson Strategic Advisors and formerly with the Commonwealth of Massachusetts’ Executive Office of Housing and Economic Development, and Craig Sandler, State House News Service.



LOVETT C. PETERS LECTURE

Named in honor of our founder, the Peters Lecture is meant to encourage and honor individuals of vision, to inform and enrich intellectual debate surrounding the great public issues of our day, and to recognize thought leaders whose ideas or accomplishments have left a mark on their world.



“Seldom have I felt more fired-up about giving a speech as I did on the way here tonight. It’s not often I find myself in complete, unqualified agreement with every goal of an Institute. On education, on health care, on smart government, on what it takes to create jobs... Pioneer Institute is all about the right to be smart and to fulfill the potential of every child. That was Pete Peters’ vision, you are here to fulfill it.”

– Niall Ferguson, Harvard University

Pioneer was extremely pleased to honor as its 16th annual Lovett C. Peters Lecturer renowned historian and leading free market advocate, Dr. Niall Ferguson.

Niall delivered a fascinating survey of modern economic and political history and global trends, sprinkled with some important warnings about symptoms of American decline. He described some of America’s and Western civilization’s greatest global exports, including the scientific revolution, modern medicine, the rule of law based on private property rights, economic competition, consumer society, and the work ethic. Sadly, he argued, these institutions are coming under siege in the U.S., just as non-western nations are beginning to embrace them. He explored the challenges to free enterprise and economic growth posed by over-regulation, frivolous

class action lawsuits, and crushing debts. He concluded by praising Pioneer and its supporters for their work to promote reform in education, “the single most important channel for social mobility.”

Ferguson is the Laurence A. Tisch Professor of History at Harvard University. He has written and presented five

major television series, including *The Ascent of Money*, which won the 2009 International Emmy award for Best Documentary. His most recent books are *The Great Degeneration: How Institutions Decay, and Economies Die* and *Civilization: The West and the Rest*, also a major TV documentary series. He is a contributing editor for Bloomberg TV. In 2004, *TIME* magazine named him as one of the 100 most influential people in the world.

The Peters Lecture is also our way of thanking our longstanding supporters. Past lecturers include Dr. Deepak Srivastava, pioneering medical researcher; Sal Kahn, renowned online education entrepreneur; former Newark, New Jersey Mayor Cory Booker; X Prize Founder Peter Diamandis, and many more.

Mark and Lynne Rickabaugh and Fred Foulkes



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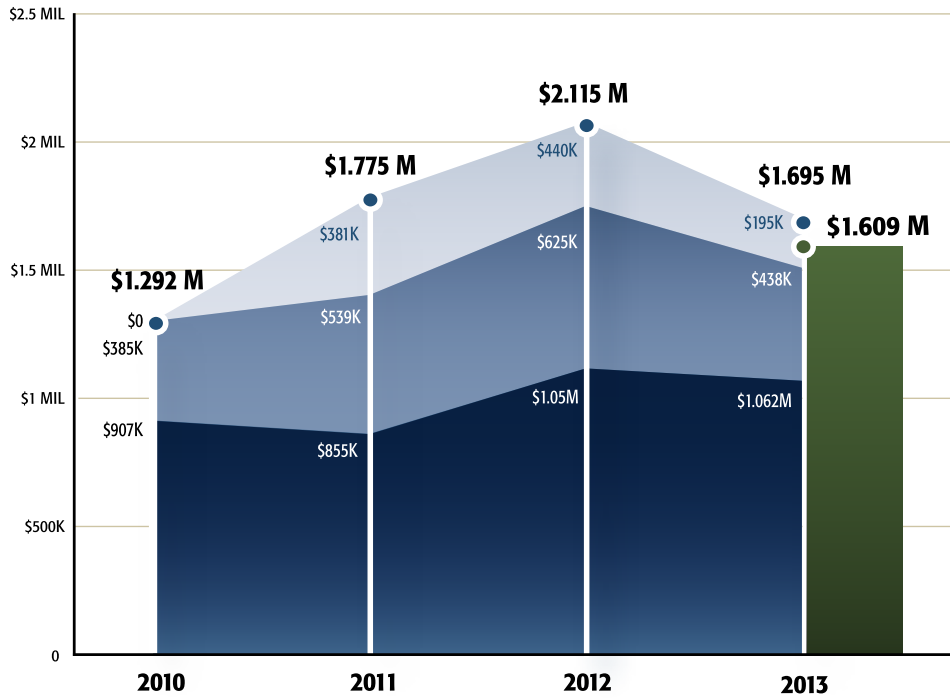
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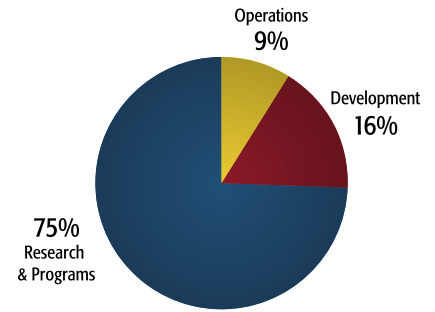


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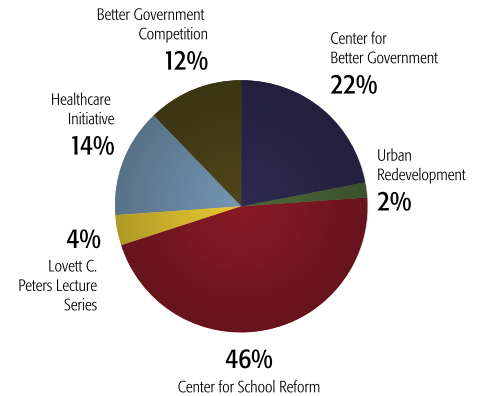


CAPITAL CAMPAIGN RESTRICTED UNRESTRICTED 2013 EXPENSE

EXPENSES BY CATEGORY



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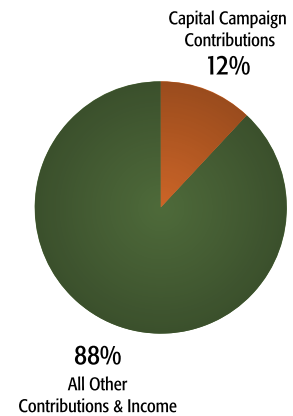
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Revenue	
Unrestricted Donations	\$1,020,201
In-Kind Donations	\$17,500
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Other Revenue	\$24,145
Total Revenue	\$1,695,126
Expenses	
Employment Costs	\$823,478
Outside Services	\$156,868
Research	\$128,062
Printing & Publishing	\$46,464
Distribution Costs	\$30,103
Events & Meetings	\$209,880
Staff Business Expenses	\$50,377
Office Operations	\$157,745
Internet/Website	\$ 6,275
Total Expenses	\$1,609,252
Other Income (Loss)	(\$22,521)
Other Expenses	\$13,454
Increase in Net Assets	\$49,899

FINANCIAL POSITION

Assets	
Cash	\$408,641
Contributions Receivable	\$222,584
Investments	\$1,050,170
Property & Equipment	\$1,001,977
Other Assets	\$58,819
Total Assets	\$2,742,191
Liabilities & Equity	
Accounts Payable & Other Accrued Expenses	\$63,965
Total Liabilities	\$63,965
Net Assets	
Unrestricted Funds	\$1,822,260
Temporarily Restricted Funds	\$219,565
Permanently Restricted Funds	\$663,401
Total Equity	\$2,678,226
Total Liabilities & Equity	\$2,742,191

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Peters Fellow in Education

Katherine Apfelbaum provides project assistance to Pioneer’s Center for School Reform, conducting research initiatives on the financial impact of charter schools and tax credit scholarship programs in Massachusetts. Kate earned a master’s degree in comparative social policy at the University of Oxford, and previously worked on charter school and parent trigger research with the Foundation for Education Reform and Accountability in Albany, NY.



Senior Fellow on Finance

Iliya Atanasov is leading the Institute’s research initiatives on public pensions, infrastructure, and municipal performance. A former Presidential Fellow at Rice University in Houston, Texas, Atanasov is a PhD Candidate in Political Science and Government and an MA Candidate in Statistics.



Senior Fellow on Education

Cara Stillings Candal is the Director of Research and Curriculum at the Center for Better Schools/ National Academy for Advanced Teacher Education. Cara has worked in the field of education for 15 years as a high school teacher, a curriculum and assessment specialist for the Riverside Publishing Company, and as a Research Assistant Professor at the Boston University School of Education. Cara is the author of numerous articles on the charter school movement, both nationally and in Massachusetts. She is also the editor of the book, *Partnering for Progress: Boston University, The Chelsea Public Schools, and Twenty Years of Urban Education Reform*.



Senior Media Fellow

Charles D. Chieppo is Pioneer’s Senior Media Fellow, Chieppo Strategies LLC, and research fellow at the Ash Center of the Harvard Kennedy School. Mr. Chieppo was previously policy director in Massachusetts’ Executive Office for Administration and Finance and directed Pioneer’s Shamie Center for Restructuring Government. While in state government, he led the successful effort to reform public construction laws, a new charter school funding formula, and state workforce issues.



Senior Fellow on Jobs & The Economy

John Friar is Pioneer’s Senior Fellow on Jobs and the Economy and the Executive Professor of Entrepreneurship and Innovation at Northeastern University’s College of Business Administration. He has researched and written on the subjects of marketing strategy, management of innovation, and technology strategy, with emphases on radical innovations and start-up companies.



Senior Fellow on Health Care

Amy Lischko, Associate Professor of Public Health and Community Medicine at Tufts University School of Medicine, knows Massachusetts health care. She was the Director of Health Care Policy and Commissioner of the Division of Health Care Policy and Finance during the years of the reform, and has been published widely in academic journals.

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