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Ten Top Tens: State Rankings Worth Pursuing

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Governor Stitt ran on a platform of making Oklahoma a Top 10 State. His vision for the state would see us top 10 in the nation in several important categories, including education, criminal justice, and economic well-being. The 1889 Institute applauds the Governor's bold vision, but a top 10 list is only as good as the comparisons it makes.

Some metrics could be counterproductive. For instance, would anyone want to be among the highest-taxed states? Or those with the most crime, the most car accidents, or the highest-priced doctors?

The 1889 Institute has identified 10 areas where states should focus their energies. Improvement in these categories will make a state a better place to live. We set out goals for each, and where possible, cite to existing rankings, or draw a road map of what is worth ranking. (Where rankings are provided, number 1 is best.) We also point out rankings where Oklahoma should not chase "Top 10" status - either because the rankings equate spending with performance (a grave economic sin) or because they are not

something state government can or should control. In these "invalid" rankings, being near the top of the list indicates a misallocation of taxpayer resources and a misalignment of priorities.

What makes a good ranking? Metrics within the 10 areas are chosen based on three criteria: measurable outcomes (at least measurable in principle); efficiency (outcomes adjusted for cost); and whether state government arguably has a direct role in affecting those outcomes.

Dollar spending by government and the size of government programs, even if they are popular, are not measures worthy of inclusion in a Top 10 state ranking. They, alone, are not outcomes. In fact, dollars spent should count *against* a state because spending more without superior outcomes indicates inefficiency and ineffectiveness in allocating taxpayer resources.

Governments should not be given credit for pumping cash into failing systems; they should be taken to task. They should be penalized for wasting money on things that do not work, and rewarded for finding cost-effective solutions that do. To that end, many of the rankings below will include some sort of efficiency metric. This will measure how much good is done per dollar spent.

Would you rather drive a car made of gold or one made of steel and aluminum? You would certainly spend more

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on the gold car. But would it be better? Gold is soft and heavy. The gold car would be unsafe in a crash and consume considerably more gas. Government officials and advocates need to remember that government spends taxpayer money, not its own. Gilded programs are not a strength, but a weakness.

Education

Goal: Give every child the opportunity to obtain the tools to become a productive member of society. Foremost among these tools are literacy, basic math competency, and the ability to use reason and logic to solve real problems.

Valid Measures for Top 10

- National Assessment of Educational Progress (NAEP) performance adjusted for demographics. Two University of Texas – Dallas scholars devised a ranking of academic performance that accounts for states’ demographic makeup. (Oklahoma’s rank: 41)¹
- Cost effectiveness (efficiency) of public education. The same UT-Dallas scholars released an efficiency ranking that rewards a state for superior results from fewer resources. (Oklahoma’s rank: 26, though recent spending increases will have a negative impact on this ranking.)²
- Percentage of state-funded students enrolled in a charter or private school. This attempts to measure competitive pressure in primary/secondary education and can be thought of as a transitional measure. (Oklahoma’s rank: 31)³
- Number of graduating high school seniors with at least 15 hours of college credit. Given the availability of AP courses, online college learning and other resources, it should be a goal for college-bound students to have a year of college completed by the time they graduate.⁴
- Percentage of college freshmen from Oklahoma needing remediation. (Currently 40 percent in Oklahoma.) An effectiveness and efficiency measure that likely should include a weight for college attendance rates.
- Average cost of a 4 year college degree at state universities. An efficiency measure for higher education where a lower cost equates to a higher ranking. (Oklahoma’s rank: 20)⁵
- College compliance with traditional legal norms. The Foundation for Individual Rights in Education grades colleges’ free speech policies.⁶ An aggregate score for each state could be calculated. Additional data on universities’ due process protections for those accused of crimes or breaches of university policy should be reviewed, and a state by state ranking devised.

Invalid Measures for Top 10

- Spending per student; Average teacher pay; Spending per student in specific categories of students; Sizes of specific programs that carry funding weights (e.g., special ed, gifted). All of these fail to take effectiveness into account. Spending for the sake of spending merely creates gilded programs that might or might not be effective.
- Pre-K enrollment levels. At best, Pre-K produces neutral outcomes, though there is reason to think it might actually set students back.⁷ Oklahoma’s high ranking in this regard is more likely an inefficiency measure rather than one of effectiveness. (Oklahoma’s rank: 3rd in percentage of 4-year-olds in public schools.)⁸
- Average class size or students per teacher. Generally, people want to see this ratio lower, but a lower student-teacher ratio indicates lower average productivity; evidence for more effective education with smaller classes is nonexistent. (Oklahoma’s rank: 29)⁹

Economic Well-being

Goal: Maximize economic opportunity, prosperity, and growth, with the general benefits accruing to everyone who contributes to society.

Valid Measures for Top 10

- Cost of living. A one percent decrease in the cost of living is just as beneficial as a one percent increase in average income. The 1889 Institute has written extensively¹⁰ on the ways state and local government can influence the cost of living. (Oklahoma’s rank: 2)¹¹
- Housing costs. This has an outsized effect on cost of living, so the legislature should work to keep housing prices low by abolishing restrictive zoning laws and land-use regulations. (Oklahoma’s rank: 3)¹²
- Average purchasing power, which is the average income per capita adjusted for the cost of living. (Oklahoma’s rank: 12)¹³
- 10-year average increase in state GDP. (Oklahoma’s rank: 29)¹⁴

Invalid Measures for Top 10

- Measures which fail to account for the cost of living. A dollar goes much farther in Oklahoma than in New York or California. Unadjusted cross-state GDP measures fail to account for these discrepancies and are, therefore, highly flawed comparative measures.
- Spending on corporate welfare, including tax privileges, such as tax increment finance, deal-making funds, tax

abatements, and other so-called economic development schemes. Studies¹⁵ show that state and local economies rarely recoup the money they put into Fast Action Funds and Economic Development schemes.¹⁶ Any venture capitalist knows the near-impossibility of predicting the next billion dollar company. The best policy is to make Oklahoma an inviting state for ALL businesses and taxpayers.

Economic Neutrality

Goal: Government acts only as a referee in the economic realm and minimizes distortions and privilege in its tax, spending, and regulatory policies.

Taxes are low-rate, broad, and uniformly applied; spending is effective and only for essential, core services; regulation (see below) is only that which is necessary for health and safety.

Valid Measures for Top 10

- Economic Freedom: There are two prominent rankings of economic freedom among the states, one by the Cato Institute (Oklahoma's rank: 19),¹⁷ and the other by the Fraser Institute (Oklahoma's rank: 3).¹⁸ Both use multiple categories to determine an overall ranking.
- Tax Foundation's State Business Tax Climate Index, sets out principles for an ideal tax structure, and measures each state's tax code against that ideal. (Oklahoma's rank: 26)¹⁹

Invalid Measures for Top 10

- Income disparity/inequality. The multi-decade War on Poverty proves how little government can directly impact this issue. Besides, it is not government's role to see that no one makes "too much money," or to redistribute wealth for the sake of fairness.
- Any system where a higher overall tax burden is viewed as better.

Government Efficiency and Accountability

Goal: To ensure that government programs produce the highest possible value for the lowest possible cost to taxpayers and to have orderly means to hold government accountable when it fails.

Government Efficiency weighs the benefits of government programs and agencies against their cost to maximize benefits *given* costs. Accountability is the ability of the people

to hold government officials accountable for their decisions, which necessitates transparency.

Valid Measures for Top 10

- Number of state and local government employees per 10,000 residents. Fewer government employees is better. Government is not a jobs program. (Oklahoma's rank: 26)²⁰
- State and local government spending as a percentage of state GDP. (Oklahoma's rank: 26)²¹
- Transparency rankings, while imperfect, do exist, and offer some value. (Oklahoma's rank: 40 - one of 11 states receiving an "F" grade.)²²

Invalid Measures for Top 10

- Any measure which does not count cost against effectiveness. This fails to consider efficiency.
- Any transparency measure that only considers aggregate numbers. For example, the average number of documents given in an open records request is a poor measure because it fails to quantify whether the documents were responsive to the request or just an attempt to bury the needle in more hay.
- Any mere activity measure (number of clients, number of requests, number of responses, or size of program).

Regulation

Goal: Regulate only to the degree necessary to protect health and safety of the public, where there is a clear failure of private information and incentives. Regulatory agencies should be endowed with only narrow authority to carry out the laws legislators write, not to create policy through rule-making.

Valid Measures for Top 10

- The number of legally binding regulations - fewer is better. (Oklahoma's rank: 15)²³
- The amount of money spent on compliance - lower is better.
- The ratio of agency regulatory rules to legislatively passed laws - fewer regulations per law is better, as it means the legislature is doing more of the work and leaving less to unaccountable agencies.²⁴ (This should not be taken to mean that the absolute number of laws should increase, but rather that the number of laws enabling multiple regulatory rules by agencies should decrease.)

Invalid Measures for Top 10

- Agency spending.
- Regulations, where more is better. Agencies should be discouraged from creating new regulations to “prove their worth.”
- Buy-in from “stakeholders.” The regulatory rulemaking process often is captured by large interests being regulated, so merely measuring whether corporations participate in the rulemaking process is insufficient.

Health

Goal: Wide access to quality health services. Free enterprise has proven, in every category of goods and services, to provide low prices and broad availability at a high quality.

Governmental meddling, on top of a system where costs are pre-paid through “insurance” (which bears no resemblance to the risk-pooling that the term insurance has traditionally denoted) has led to runaway healthcare costs. Most of the meaningful healthcare policy is controlled at the federal level; the best states can hope to do is avoid making the situation worse through cronyist policies.

Valid Measures for Top 10

- Number of prescribers per capita - this would include doctors, physician’s assistants, and nurse practitioners authorized by law to write prescriptions for non-narcotic drugs.
- The existence, and burden, of a certificate of necessity (CON) regime within a state. Less onerous is better. Nonexistence is best. Oklahoma still has CON in the nursing home and psychiatric treatment industries.
- Medical services price index in comparison to cost of living across states. Lower being better. There will likely be a tradeoff between this and the number of caregivers.
- Dollars saved through the use of Medicaid waivers.

Invalid Measures for Top 10

- Obesity, smoking, or other public health rates among the state’s populace. Individual health is primarily determined by circumstances and personal choices well beyond the government’s legitimate control in a free society.
- Any measurement of attempts to coerce people into making healthy choices (e.g., sugar and vice taxes meant to disincentivize lawful behavior). These are attacks on individual liberty.

Transportation Effectiveness

Goal: To improve the enjoyment of life and reduce the transaction costs of trade by allowing people to quickly and safely move goods and people. In most instances, this is best served by having good roads and sound bridges.

Valid Measures for Top 10

- Reason Foundation issues a yearly report analyzing the most important factors in highway maintenance, including quality, safety, congestion, and cost-efficiency.²⁵ Reason ranks Oklahoma’s road system 33rd in overall performance and cost effectiveness.²⁶
- Oklahoma’s administrative disbursement per mile of state road are very high compared to the national average so that Oklahoma ranks 39th in this efficiency measure.²⁷
- There are many valid measures that can individually be used to rank states. For example, Oklahoma, of late, has made significant strides in reducing the number of structurally deficient and functionally obsolete bridges in the state.
- Usage rates for public transit (percentage of seats filled per mile driven by public transit) given the cost per mile. This alone does not prove that public transit is a valuable investment, but a lack of use indicates, at best, an inefficient allocation of resources.

Invalid Measures for Top 10

- Aggregate transportation spending, where more spending is better. Gilded roads are no better than gilded cars.

Court System

Goal: A fair, stable, predictable, and accessible legal system.

Judges should be selected primarily for their fidelity to the rule of law as written, not promotion of policy outcomes. Access to courts should be free of unnecessary barriers, including high costs.

Valid Measures for Top 10

- Average cost of a court case, excluding verdicts and settlements.
- Average time from filing a lawsuit to final resolution, including dismissals, settlements, verdicts, and appeals.

Invalid Measures for Top 10

- State spending on courts, legal aid, and public defenders. Effectiveness and efficiency are what should be measured, not mere effort.

Public Safety

Goal: To strike the correct balance between deterring dangerous behavior and respecting the individual rights of citizens. Incentives for law enforcement and prosecutors should align with these goals.

Valid Measures for Top 10

- Civil asset forfeiture rankings. IJ publishes a state by state report card (Oklahoma's grade is D-minus).²⁸ Forfeiture incentivizes policing for profit, rather than for public good.²⁹
- Crime rates, adjusted for police spending. Many factors go into crime rate - it is largely about personal choice. However, in addition to deterrence through good policing, state governments can lower crime rates by allowing the private sector to increase employment rates and buying power, given the correlation between poverty and crime.
- Whether state forensic labs are incentivized to help convict the accused through the use of lab fees payable upon conviction?³⁰ (Oklahoma's rank: tied for 50)^{31 32}

Invalid Measures for Top 10

- Spending on prisons, or on criminal justice. More money to prisons does not lead to safer streets.
- Plea bargain rate. This can show that suspects think they will lose regardless of guilt or innocence.

Recreation

Goal: To foster an institutional environment where individuals and civic organizations are free to use their resources and creativity to build "quality of life" attractions.

Studies indicate that recreation plays a role in deciding where people move, including businesses. Government can do little to change the geographic hand it was dealt, and it goes beyond its proper scope when it uses the resources of all taxpayers to fund venues which will appeal only to some. The key is to facilitate recreational investment with infrastructure, a rational tax system, and an open legal environment.

Valid Measures for Top 10

- Low barriers to recreational projects. This includes land use, zoning, environmental studies, and any other government impediment to opening a business.
- Low land-use regulation (according to Cato, Oklahoma's rank: 3)³³

Invalid Measures for Top 10

- Park department spending where more spending is better.
- Programs and ad campaigns to get people to use local attractions.
- Stadium, convention center, and other public "attraction" funding. This is the height of cronyism.

End Notes

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