

Lessons from the Marketplace:

Four Proven Progressive Policies from DMI's
Marketplace of Ideas
(And how **New York** can do them even better)

Minnesota Accountability for Economic Development Subsidies

Maine Affordable Prescription Drugs for the Uninsured

San Francisco Reducing Criminal Recidivism

Oklahoma Universal Preschool



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EXECUTIVE SUMMARY

In Maine, moderate-income residents buy prescription drugs for as little as half the retail price. In San Francisco, some violent criminals are 82 percent less likely to commit new crimes after their release from prison. In Minnesota, the public can reclaim subsidies when economic development incentives don't produce the promised results. In Oklahoma, 92 percent of four-year-olds attend a high-quality public preschool.

Ideologues of the right like to claim that progressive policies will kill jobs, squander tax dollars, suppress innovation and let axe-wielding criminals run free. But the successful progressive policies described above have done none of those things. Instead, they've worked as intended to make people's lives better. And they can be replicated in New York and across the nation.

The Drum Major Institute for Public Policy's Marketplace of Ideas showcases each of these policies—and many others. DMI brings policymakers from around the country to New York City to speak about their policy success, its impact, and their on-the-ground experience getting the policy enacted. Here they engage with an expert panel of New Yorkers, including city and state legislators, advocates, business representatives, religious leaders, and academics, to further discuss the policy and its implications for New York City and State.

Lessons from the Marketplace presents the fruits of DMI's Marketplace of Ideas discussions, describing four policies from Maine, Minnesota, Oklahoma, and San Francisco in detail and examining how each addresses a real and pressing problem in New York State. A section devoted to each policy draws on the narrative of the policymakers to tell the story of how the policy passed, presents the concrete evidence of success, and looks at how New York could improve on the policy and go further. Each section concludes with a list of resources—most of them accessible over the internet—that provide more information about the policy and its implications for New York.

MINNESOTA: SUBSIDY ACCOUNTABILITY Minnesota's experience shows how legislating greater transparency and accountability can help to ensure that communities see real benefits in exchange for business subsidies. The Minnesota law mandates that all state and local agencies develop uniform criteria for economic development subsidies, including setting wage floors. Large subsidy deals must enhance jobs or create a net increase in jobs in the state within two years and businesses receiving the subsidies must continue operations on the site for at least five years. If companies don't fulfill their obligations, they must repay the subsidy with interest, face other financial penalties, and be barred from receiving future subsidies anywhere in the state.

SAN FRANCISCO: REDUCING CRIMINAL RECIDIVISM Resolve to Stop the Violence, a decade-old program of the San Francisco Sheriff's Department, dramatically reduces recidivism among violent criminals, decreasing the rate of re-arrest for a violent offense by as much as 82 percent. Participants are housed within the jail in a 62-bed open dormitory and obligated to take part in the program for fourteen hours a day. The intensive course is taught by ex-offenders and revolves around the idea that that violence is learned behavior which can be unlearned. Offenders are encouraged to develop empathy for victims and focus on understanding, taking responsibility for, and working to repair the harm done by their crimes. Participants receive drug and alcohol treatment and job training, as well as the opportunity to earn a high school diploma.

MAINE: AFFORDABLE PRESCRIPTION DRUGS FOR THE UNINSURED With the Rx Plus program, Maine uses its Medicaid preferred drug list as leverage to secure discounts for low- and middle-income residents that average 25 percent for brand name drugs and 50 percent for generics. To encourage pharmaceutical companies to provide discounts, the state's Medicaid program is authorized to remove one or more of the drugs of any company that does not agree to participate in the program from its preferred drug list, requiring prior authorization before these can be prescribed for Medicaid patients. Rx Plus functions as a wrap-around program, working in tandem with other health and drug benefit programs.

OKLAHOMA: UNIVERSAL PRESCHOOL Oklahoma's experience shows how a conservative state which has traditionally kept a tight rein on public spending nevertheless managed to enroll 70 percent of its four-year-olds in state-funded preschool—the highest proportion of any state in the country. The number rises to an even more impressive 92 percent when 4-year-olds attending public special education and Head Start classes are included. To cap it off, Oklahoma offers a high quality program: every teacher has both a bachelor's degree and certification in early childhood education. A 2005 study of the program found that vocabulary skills were 28 percent higher for Oklahoma preschoolers than children without the program, while math skills were 44 percent higher. While the impact was particularly substantial for children from low-income households, children of all backgrounds showed significant gains.

While quotations throughout this report provide a taste of the Marketplace conversation, you can also access the discussions themselves, via transcript, video, audio, or podcast on the Drum Major Institute website at <http://www.drummajorinstitute.org/events/marketplaceofideas.php>. We hope that a look through DMI's extensive digital archive for past Marketplace events will not only inspire good policy, but also vividly demonstrate the power of government to play a positive role in people's lives.

And although our discussions, and this report, are aimed at New York State, these policies can be implemented anywhere, and advocates and policymakers from across the country can learn from their example.

Finally, it's worth noting that the Marketplace of Ideas never ends. The Drum Major Institute for Public Policy continues to highlight the work of policymakers who successfully put progressive values into practice with our speaker series in New York City. Sign up at <http://www.drummajorinstitute.org/signup.php> or by phone at 646-274-5680 to receive email or post office notice of upcoming events.

ACCOUNTABILITY FOR ECONOMIC DEVELOPMENT SUBSIDIES

Senator John Hottinger, MN

The Problem: Billions in public dollars are doled out to private companies with little oversight and few mechanisms for ensuring the creation of good quality jobs.

Every year, New York's state and local governments hand out hundreds of millions of dollars in corporate subsidies. Tax breaks, low interest loans, and other types of development assistance are meant to spur job creation and retention and fuel economic growth. Yet despite the taxpayer-sponsored bounty for business, Upstate New York in particular has suffered devastating job losses and economic decline. Reports by the State Comptroller's office and independent organizations have uncovered widespread failure to meet job creation standards in the state's Empire Zones, Industrial Development Agencies, and other development efforts, as well as the subsidization of poverty-level jobs and even subsidies for companies moving jobs out of the state. How can economic development dollars be spent more effectively?

Minnesota's experience shows how legislating greater transparency and accountability—from wage standards to penalties for failing to meet job creation goals—can help to ensure that communities see real benefits in exchange for business subsidies.

THE MINNESOTA SOLUTION: SUBSIDY ACCOUNTABILITY

Minnesota's first-in-the-nation subsidy accountability law requires:

- Communities and public agencies that provide economic development subsidies must develop uniform criteria for all their subsidy deals, including a specific wage floor for these jobs;
- Public hearings must be held before business subsidies worth more than \$100,000 are awarded;
- All businesses receiving more than \$75,000 in loans or \$25,000 in other subsidies must enhance jobs or create a net increase in jobs in Minnesota within two years; subsidies to retain existing jobs are permitted only if the job loss is "specific and demonstrable;"
- Businesses receiving subsidies must continue operations on the site for at least five years;
- Businesses that fail to meet job creation and wage goals must repay the subsidy with interest and face other financial penalties, and be barred from receiving future subsidies in the state;
- Subsidy agreements, including the type, public purpose, and amount of assistance, as well as specific job and wage goals and the date they need to be reached must be disclosed annually to the public;
- Progress in achieving the goals of each subsidy and information on businesses that did not meet goals must also be disclosed.

"We didn't give any public subsidy to Wal-Mart. In fact, we had an agreement with them that, well, we'll put in a couple of streets for you, and you have to have a minimum payment to your employees of \$17.50 an hour. For every job. No job can be less than that. Now, that's because Wal-Mart came into our community and knew that we had a criteria that public subsidies had to meet a pretty significant test of public purpose."

— Minnesota State Senator
John Hottinger

HOW MINNESOTA PASSED THE LAW

According to State Senator John Hottinger, the impetus for Minnesota's subsidy reform effort came in the 1980s when Triangle Tool Company tried to move their operations out of state just a few years after receiving \$10 million in industrial revenue bonds to overhaul its plant in Duluth. The city sued and succeeded in retaining some jobs at the factory until the bonds expired. But the fight against Triangle had galvanized community leaders, who felt that a stronger mechanism for protecting the public interest in subsidy deals was needed. In the early

1990s, as the nation was dominated by talk of welfare reform and increasing the personal responsibility of poor women receiving public assistance, the effort to create accountability for corporate welfare began to gain traction in Minnesota.

The Minnesota Alliance for Progressive Action, a coalition of unions, environmental organizations, and other advocacy groups, pushed for legislation. In 1995, Senator Hottinger and his counterpart in the State House of Representatives, Karen Clark, sponsored a bill requiring that any business receiving state or local government assistance worth more than \$25,000 create a net increase in jobs in the state within two years or pay the money back. The law also required public reporting of subsidy deals, including the goals of the subsidy and the results.

The reports disclosing the details of subsidy deals stimulated further reform. A 1999 study by Good Jobs First, a national public policy center, found that two-thirds of subsidy deals statewide were for jobs that paid less than the local market levels for their industry, while some the state and local governments had approved deals offering \$100,000 or more in subsidies for each job. At the same time, record-keeping in compliance with the law was erratic.

The Minnesota legislature created a Corporate Subsidy Reform Commission, which held hearings on how to improve the law. In 1999, Senator Hottinger and Representative Clark led the effort to pass a more comprehensive subsidy accountability law that closed many loopholes in the earlier legislation. In addition to clarifying the previous legislation and including more detailed reporting requirements on subsidy deals, the new law mandated public hearings before subsidies could be awarded and required agencies to develop criteria for public subsidies that would apply to future agreements. The law also imposed financial penalties on businesses failing to comply with their subsidy agreements and barred non-compliant businesses from receiving any additional subsidies for five years.

“I represent the 26th Senate District... It’s midtown, it’s the East Side, it’s the Upper East Side: it is the hottest real estate in the city of New York... [and one of the] highest income Senate district[s] in the State... We’re also tops on all the economic subsidies and corporate subsidies... My district doesn’t need subsidies. My district, if anything, is fighting not to have so many people trying to live and work on the head of a pin... For huge amounts of government direct subsidies and exemptions from taxes to actually all be landing in my district leads me to believe something’s wrong with the model that we have set up in New York.”

—New York State Senator Liz Krueger

THE RESULTS SO FAR

An assessment of Minnesota’s subsidy accountability law conducted in 2003 by Good Jobs First ¹ found that the law had fostered more media coverage of subsidy deals and greater civic engagement with economic development efforts. The process of awarding subsidies became more transparent and citizens became more involved in discussions of how public money was being spent. As a result, localities’ overall approach to economic development shifted, focusing more on the public purpose of subsidy deals. Communities sought more high-wage deals and industries and increasingly used pay-as-you-go financing rather than taking on additional public debt. The increased awareness of subsidy issues has also been credited with benefiting activist efforts such as the Duluth Living Wage campaign.

While it is difficult to attribute job gains directly to the accountability law, a 2006 study by the Center for Rural Policy and Development found that, as a whole, businesses that had received subsidies through the state’s Job Opportunity Building Zone (JOBZ) program in 2004 exceeded their two-year job creation and wage standards by 2006. While 1,985 jobs were pledged by companies receiving subsidies, 2,601 full-time jobs were actually created. These positions had an average hourly wage of \$14.86. ² Regardless of whether the subsidy accountability law contributed to the job creation or quality, there is no question that data gathered as a result of the law made it possible to evaluate the JOBZ program.

1 Ann Nolan and Greg LeRoy, “Get Something Back! How Civic Engagement is Raising Economic Development Expectations in Minnesota,” Good Jobs First (2003) <http://www.goodjobsfirst.org/pdf/civicing.pdf>

2 “The Job Opportunity Building Zone Program: Assessing Employment and Wage Outcomes,” Center for Rural Policy and Development (2006) <http://www.mnsu.edu/ruralmn/pages/Publications/reports/JOBZYear1-1206.pdf>

The law has no requirement for reporting on public funds that are returned when businesses fail to meet their obligations under subsidy deals, so there is limited information about how this “clawback” requirement is functioning. However, the state’s Department of Employment and Economic Development confirmed that between 2000 and 2004, out of \$15 million in business assistance funds awarded by the Minnesota Investment Fund—just one of the state’s economic development initiatives—nine companies were compelled to return a total \$1.2 million for failing to fulfill the requirements of their deals.³

Minnesota’s subsidy accountability legislation cannot guarantee that every economic development deal perfectly embodies the public interest. Instead, as the bill’s sponsor Senator Hottinger argues, “[it] is a stepping stone to continue discussions over the economic equity that we have in our society.”⁴

BEYOND MINNESOTA

Minnesota is far ahead of New York when it comes to transparency and accountability for economic development subsidies. But the state’s success raises deeper questions about the public payoff for investing in big deals aimed at attracting or retaining a single company rather than broad-based efforts to build quality infrastructure and invest in a skilled workforce. If New York were to seriously consider this question, the state could improve on the Minnesota model.

“[In New York] public authorities control so many of the subsidy deals. And they are set up intentionally to mask the source and the details and the accountability of the individual deal. It’s not accidental; it’s intended to create sort of a shield. So that, unlike in Minnesota, there won’t be any elected official you can go up to and say, hey, you did this deal, it didn’t work out, you created a bunch of poverty level jobs, and you should be ashamed of yourself.”

—Errol Louis, Columnist,
New York Daily News

ADDITIONAL RESOURCES

DMI’S SEPTEMBER 2006 MARKETPLACE OF IDEAS EVENT:

Watch or listen to MN State Senator John Hottinger discussing the implications of his subsidy accountability legislation for New York with NY State Assemblyman Richard Brodsky, New York Daily News columnist Errol Louis, and Adrienne Shropshire, DMI Fellow and Executive Director of New York Jobs with Justice.

http://www.drummajorinstitute.org/events/unique_event.php?ID=41

FOR MORE ON MINNESOTA’S SUBSIDY ACCOUNTABILITY LEGISLATION SEE:

Anne Nolan and Greg LeRoy “Get Something Back! How Civic Engagement is Raising Economic Development Expectations in Minnesota,” Good Jobs First (2003) <http://www.goodjobsfirst.org/pdf/civiceng.pdf>

The text of Minnesota’s current subsidy accountability law, statute 116J.994, is available at:
<http://www.revisor.leg.state.mn.us/bin/getpub.php?type=s&num=116J.994&year=2006>

FOR MORE ON THE PROBLEMS POSED BY ECONOMIC DEVELOPMENT SUBSIDIES IN NEW YORK AND SUGGESTIONS FOR MINNESOTA-STYLE REFORM SEE:

“Getting Our Money’s Worth: Are Businesses Getting Tax Breaks to Cut Jobs?” New York Jobs with Justice (2006) http://www.nyjwj.org/docs/ida_moneysworthreport.pdf

“Getting Our Money’s Worth: The Case for IDA Reform in New York State,” New York Jobs with Justice (2007) [http://www.nyjwj.org/docs/GO\\$W.pdf](http://www.nyjwj.org/docs/GO$W.pdf)

Alan G. Hevesi, “Industrial Development Agencies’ Project Approval, Evaluation and Monitoring Efforts,” Office of the New York State Comptroller (2006) <http://www.osc.state.ny.us/press/releases/may06/051606.htm>

³ Associated Press, “Some say JOBZ enforcement language has no teeth,” Minneapolis Star Tribune April 5, 2004.

⁴ DMI’s Marketplace of Ideas, September 18, 2006.

Alan G. Hevesi, "Assessing the Empire Zones Program: Reforms Needed to Improve Program Evaluation and Effectiveness," Office of the New York State Comptroller (2004) <http://www.osc.state.ny.us/reports/empirezone3-2005.pdf>

Stephanie Greenwood and Bettina Damiani, "Know When to Fold 'Em: Time to Walk Away from NYC's Corporate Retention Game," Good Jobs New York (2004) http://www.goodjobsny.org/pdf/GJNY_report_final.pdf

"It's Time to Reform the Development Subsidy Game," Good Jobs New York (2000)
http://www.goodjobsny.org/issue_brief1.htm

**FOR MORE ON THE WORK DONE BY
DMI'S MARKETPLACE OF IDEAS PANELISTS, SEE:**

New York State Assemblyman Richard Brodsky
<http://assembly.state.ny.us/mem/?ad=092&submit=Go>

New York Daily News columnist Errol Louis
<http://www.nydailynews.com/>

Adrienne Shropshire, Executive Director of New York Jobs with Justice
<http://www.nyjwj.org/>

REDUCING CRIMINAL RECIDIVISM

Sheriff Michael Hennessey, San Francisco

The problem: Each year, more than 100,000 offenders are released from New York’s state prisons and local jails, yet two thirds are rearrested within three years.⁵

The recidivism rate suggests that New York’s criminal justice system is failing to effectively deter crime and rehabilitate criminals, yet this failure does not come cheaply: the cost to incarcerate an offender in state prison tops \$32,000 a year. More significantly, offenders who are released only to commit additional violent crimes do incalculable damage to the lives of their victims and the community as a whole. New Yorkers thus have a tremendous stake in reducing the rate of violent recidivism. Resolve to Stop the Violence, a decade-old program of the San Francisco Sheriff’s Department, has demonstrated success: the rate of re-arrest for a violent offense was reduced by more than 82 percent for those who spent 16 weeks or more in the program.

“Prisons and jails are big business. Today, there are over two million Americans behind bars. And, with rare exceptions, they all have one thing in common: they all get out.”

— Sheriff Michael Hennessey

THE SAN FRANCISCO SOLUTION: RESOLVE TO STOP THE VIOLENCE PROJECT (RSVP)

RSVP, operated by the San Francisco County Sherriff’s Department, has the following features:

- Participants are all violent male offenders who will eventually be released back into the community. Their crimes include domestic violence, armed robbery, assault, battery and rape;
- Participants are housed within the jail in a 62-bed open dormitory with no cells;
- Participants are required to take part in the program for fourteen hours a day, six days a week, for a minimum of 30 days;
- Participation in the program is mandatory for the men assigned to it, who are selected on the basis of their criminal histories and current charges;
- The program is supervised by counselors who are mostly ex-offenders or survivors of violent crime themselves;
- The curriculum is based on the “Man Alive” violence prevention program, which emphasizes:
 - Raising awareness of the belief systems that promote violence;
 - Teaching that violence is learned behavior which can be unlearned. Offenders can choose alternatives to violence;
 - Improving communication skills;
 - Empathy for victims and their families—each week offenders and survivors of violent crime participate in Victim Impact sessions, frank discussions about the consequences of violence for victims;
 - Accountability and the need to make positive contributions to the community upon release: understanding, taking responsibility for, and working to repair the harm done;
- Participants receive drug and alcohol treatment and job training, as well as the opportunity to earn a high school diploma through an in-jail charter high school;
- After completing their jail term, RSVP graduates on parole continue mandatory participation in violence-prevention and job placement programs. They must also work with victims’ organizations, speaking out on violence prevention in the community;
- In addition to working with offenders and ex-offenders, RSVP includes a Victim Services program that provides monetary reimbursement through a special crime victims’ compensation fund, and referrals to counseling, support groups, job training and legal services.

⁵ “Report and Recommendations to New York State on Enhancing Employment Opportunities for Formerly Incarcerated People,” Independent Committee on Reentry and Employment (2006) <http://files.e2ma.net/2800/assets/docs/committeereport.pdf>

HOW SAN FRANCISCO STARTED THE POLICY

San Francisco Sheriff Michael Hennessey describes how his staff first came to him in 1996 “ask[ing] if they could put sixty violent men in a dormitory with no jail cells to run an antiviolence counseling program.”⁶ At the time, he says, he thought they were crazy. But he realized that RSVP was a logical extension of the drug treatment programs the sheriff’s department was already operating within its jails. These drug treatment programs, based on the “therapeutic community” model frequently used in half-way houses, had worked successfully in San Francisco jails since 1993. Sheriff Hennessey agreed to investigate applying the same approach to violent offenders.

Over the course of the next year, the Sheriff met with victims’ rights advocates, religious leaders, police and corrections officials, violence counselors and ex-offenders to develop the program. Funded by a grant from the Open Society Institute, RSVP was launched in September 1997.

THE RESULTS SO FAR

A study by James Gilligan and Bandy Lee of Harvard University compared inmates who participated in RSVP for eight weeks or more to a control group of violent offenders who would have been eligible from the program but did not participate due to lack of space. Offenders who participated in RSVP for sixteen weeks or longer were 82.6 percent less likely to be rearrested for a violent offense within a year than those in the non-participant control group. Those who participated for twelve weeks were half as likely to be rearrested as the other inmates, while those participating for just eight weeks still had a violent recidivism rate 46.3 percent lower than the control group. Even among the RSVP participants who were eventually re-arrested, they remained in the community longer before their re-arrest and spent less time in custody during follow-up than the comparison group of inmates who did not participate in the program.

The study concluded that, at an average cost of \$21 per participant per day for all of RSVP’s offender, victim, and community services, the program more than paid for itself by reducing the rate of repeat violent arrests and incarceration. The researchers’ conservative estimate, leaving out the non-monetary losses from incarceration such as the disruption of families, was that every dollar invested in RSVP saved four dollars in the cost of re-arrest and incarceration.

Sheriff Hennessey also noted an unanticipated benefit of the program: according to his assessment, the RSVP housing unit had become the lowest-conflict dorm in the county jail system. “During the program’s first year,” he explained, “there was one fight between participants, and no assaults on staff—compared to the rest of the system, where during the same period, there were 300 prisoner-on-prisoner assaults and 68 assaults on staff.”⁷

RSVP won the 2004 Innovations in Government award from the Ash Institute at Harvard University and the Council for Excellence in Government.

“At a time when prisons are seen primarily as a place for punishment and retribution, the RSVP approach takes a longer view and shows that government can do better than blindly releasing thousands of violent men back into society, knowing that new victims await their return.”

—Sheriff Michael Hennessey

“Our biggest challenge in New York, of course, is one of scale. We move 110,000 people through our system; we return about 80,000 people a year to the community... 65 percent of the people who enter the system leave our system within 14 days... and so I think RSVP requires a lot of attention to get it off the ground and then grow it in scale.”

—NYC Corrections Commissioner
Martin Horn

⁶ DMI’s Marketplace of Ideas, May 16, 2005

⁷ Ibid

BEYOND SAN FRANCISCO

Since 2005, Resolve to Abolish Violence Everywhere, a program based on RSVP, has flourished in Travis County, Texas, illustrating how the RSVP model can be successfully replicated. The main shortcoming of both programs, however, is their small size. Restorative justice initiatives operating on a larger scale have the potential to have a real impact on the rate of violent crime, the lives of victims, offenders and their families, and the cost of the criminal justice system. In the meantime, a pilot program could be used to test the applicability to New York.

ADDITIONAL RESOURCES

DMI'S MAY 2005 MARKETPLACE OF IDEAS EVENT

Watch, listen, or read a transcript of San Francisco Sheriff Michael Hennessey discussing the implications of his Resolve to Stop the Violence Project with Brooklyn District Attorney Charles Hynes; NYC Corrections Commissioner Martin Horn; and Rev. Dr. James Forbes Jr. of Riverside Church
http://www.drummajorinstitute.org/events/unique_event.php?ID=29

FOR MORE ON SAN FRANCISCO'S RSVP PROGRAM SEE:

The San Francisco Sheriff's Department <http://www.sfsheriff.com/rsvp.htm>

James Gilligan and Bandy Lee, "The Resolve to Stop the Violence Project: reducing violence in the community through a jail-based initiative," *Journal of Public Health*, vol. 27, no. 2 (2005)
<http://jpubhealth.oxfordjournals.org/cgi/content/abstract/27/2/143>

Sunny Schwartz, Michael Hennessey, and Leslie Levitas, "Restorative Justice and the Transformation of Jails: An urban sheriff's case study in reducing violence," *Police Practice and Research*, vol. 4, no. 4 (2003)
<http://www.ingentaconnect.com/content/routledg/gppr/2003/00000004/00000004/art00007>

The Man Alive curriculum used in RSVP, <http://www.manaliveinternational.org>

Prison Fellowship International's Restorative Justice resource center, <http://www.restorativejustice.org/>

NEW YORK STATE ORGANIZATIONS WORKING ON PRISONER REENTRY AND RESTORATIVE JUSTICE ISSUES INCLUDE:

The Center for Court Innovation <http://www.communityjustice.org/>

The Fortune Society <http://www.fortunesociety.org/>

The Finger Lakes Restorative Justice Center <http://www.flrjc.org/>

Fifth Avenue Committee Developing Justice program <http://www.fifthave.org/>

**FOR MORE ON THE WORK DONE BY
DMI'S MARKETPLACE OF IDEAS PANELISTS, SEE:**

Brooklyn District Attorney Charles Hynes

<http://www.brooklynda.org/>

NYC Corrections Commissioner Martin Horn

<http://www.nyc.gov/html/doc/html/home/home.shtml>

Rev. Dr. James Forbes Jr. Senior Minister of Riverside Church

<http://www.theriversidechurchny.org/>

AFFORDABLE PRESCRIPTION DRUGS FOR THE UNINSURED

Representative Sharon Treat, ME

The problem: Prescription drug prices are rising rapidly, putting the greatest strain on the uninsured.

New Yorkers spent nearly \$16 billion on prescription drugs in 2004, 65 percent more than in 2000, and the costs continue to mount.⁸ The 2.6 million New Yorkers without health insurance face the most arduous burden, paying 72 percent more than the federal government pays for many common drugs.⁹ Even as the high costs force patients to forgo needed medications, pharmaceutical companies are making windfall profits and often spending more to market and advertise drugs than they do to research and develop them.¹⁰

New York has taken the first steps to reduce prescription prices by requiring the collection and online publication of data on drugs' retail prices across the state and by establishing a preferred drug list for Medicaid. The preferred drug list encourages doctors to prescribe lower-priced but equally effective drugs by having Medicaid automatically pay for them without the prior authorization from Medicaid that is required for drugs that aren't on the list. Maine's RX Plus prescription drug program demonstrates how to build on these achievements and extend access to lower cost prescription drugs to the uninsured. Maine uses its Medicaid preferred drug list as leverage to secure discounts for low- and middle-income residents that average 25 percent for brand name drugs and 50 percent for generics.

“It has resulted in substantially cheaper prices across the board for those who are participating in a program... Maine RX is a discount off whatever that retail price is. But it can be a very good discount of about 50 percent overall on generic prices, and about 25 percent off of the brand name price. And that ranges, so that there are drugs that actually are substantially cheaper than that... And, indeed, have even beat the Canadian price or the federal supply schedule price, which is what the VA uses as its price schedule...”

–Maine State Rep. Sharon Treat

THE MAINE SOLUTION: RX PLUS

Maine's prescription drug program, Rx Plus, includes the following features:

- The state is empowered to negotiate with pharmaceutical companies to secure rebates off the cost of prescription drugs;
- To encourage pharmaceutical companies to provide rebates, the state's Medicaid program, MaineCare, is authorized to remove one or more of the drugs of any company that does not agree to participate in the program from its preferred drug list, requiring prior authorization before they can be prescribed. The names of non-participating companies are also publicized by the state;
- While rebates from the pharmaceutical companies are being negotiated and phased in, a first round of discounts is provided by retail pharmacies;
- Participation by retail pharmacies is voluntary;
- For its enrollees, Rx Plus functions as a wrap-around program, working in tandem with other health and drug benefit programs;
- Residents whose incomes fall below 350 percent of the federal poverty level are eligible to enroll;
- Higher income families with unreimbursed prescription drug expenses reaching five percent or more of family income or total unreimbursed medical expenses reaching 15 percent or more of family income are also eligible;
- There is no fee associated with Maine Rx Plus and no waiting period to enroll.

⁸ “National Health Expenditures Data,” Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/nhestatespecific2004.pdf>

⁹ Blair Horner and Tracy Shelton, “Paying the Price: The High Cost of Prescription Drugs for Uninsured Consumers,” New York Public Interest Research Group (2004) http://www.nypirg.org/consumer/drugreport/paying_the_price.pdf

¹⁰ “The Choice: Health Care for People or Drug Industry Profits,” Families USA (2005) <http://www.familiesusa.org/assets/pdfs/The-Choice.pdf>

HOW MAINE PASSED THE LAW

State Rep. Sharon Treat, the sponsor of Rx Plus, credits the efforts of senior citizens' groups and other activist organizations with propelling the issue of affordable prescription drugs to the top of the state's agenda in 1999. Activists coordinated bus trips to Canada to buy prescription drugs and circulated a citizens' petition to get comparably-priced drugs in Maine. Maine's Clean Elections system, which freed many state legislators from the need to rely on campaign contributions from the pharmaceutical industry, also eased the bill's passage.

The original bill passed by the Maine state legislature in April of 2000 mandated that all prescription drugs in the state be sold at Canadian prices or less. Declaring the measure too radical, Maine's independent Governor Angus King refused to sign, calling on the legislature to send him a more modest bill. In response, the legislature overwhelmingly passed "Maine Rx" which was signed into law in May 2000.

The drug industry sued immediately. Their trade group, PhRMA, argued that the law violated the Constitution's commerce clause as well as federal Medicaid law. They took the case all the way to the Supreme Court, which upheld the law in 2003. In the meantime, the state revised the legislation to help it withstand legal challenge: whereas the program had been open to all Maine residents, the new law restricted it to those with incomes within 350 percent of the federal poverty line and those with high medical bills. PhRMA sued again but the case was thrown out of District Court. Maine Rx Plus went into effect in January 2004.

Negotiating discounts with the pharmaceutical companies has proved to be a difficult process, with the drug makers attempting to attach conditions and qualifications to the provision of discounts. As these negotiations continue to be worked out, however, participating pharmacies have offered the substantial discounts that Maine RX Plus beneficiaries enjoy today.

THE RESULTS SO FAR

A July 2005 survey of 36 frequently-prescribed drugs found average prices for Maine Rx Plus enrollees to be 50 percent lower than the regular cash price for generic drugs and 25 percent lower for brand-name prescriptions.¹¹ For some drugs the savings were more substantial still, including savings for breast cancer treatment Tamoxifen, which normally retails for \$213.71 for 90 pills in Maine but had an Rx Plus price of \$44.75.

On average, Maine Rx savings were substantially greater than those achieved by Ohio's drug discount program, in which pharmaceutical companies voluntarily provide discounts to low-income residents. While Maine Rx prices still averaged more than drug prices negotiated by the federal Veterans Affairs Administration, or retail drug prices in Canada, in some cases Maine Rx actually achieved a lower price.

As of July 2005, 93,315 Maine residents had enrolled in Rx Plus, making up approximately 29 percent of the eligible population. In 2006, enrollment declined as many seniors signed up for the new Medicare Part D prescription drug benefit, although Maine's existing drug discount programs were so effective that nearly half of those eligible for the Medicare prescription drug benefit did not enroll in the federal program.

Similar legislation has been implemented in Hawaii.

"It was just about to go into effect, and PhRMA, of course, sued. Any good law that you pass, they will sue. The legislature knew this. And, again, giving our legislature credit, they put money in in advance —extra money—to defend this law in court. And we won in court. And we went all the way up to the US Supreme Court which, in June 2003, ruled in favor of the State and said that it was something the State had authority to do."

—Maine State Rep. Sharon Treat

¹¹ Sharon Anglin Treat and Stephen Sarno, "Cutting Drug Costs: Different Approaches, Different Results: Evaluating the Effectiveness of Voluntary and 'Carrot and Stick' State Drug Discount Programs in Ohio and Maine," Prescription Policy Choices (2005) <http://www.policychoices.org/reports/CutDrugCostsReportFINAL.pdf>

BEYOND RX PLUS

As State Rep. Sharon Treat noted, “states are constrained. And sometimes we come up with models that are based on those constraints... [Maine Rx Plus is] designed to fill around the edges of a failed federal policy.”¹² While there is widespread agreement that federal policy would be most effective at reining in excessive drug costs, Maine and other states have also taken a variety of approaches that can complement the Rx Plus model. Bulk purchasing of prescription drugs from multi-state and multi-program buying pools is one effective way to lower drug costs for Medicaid and other public programs. More closely regulating pharmacy benefit managers, and requiring more disclosure from pharmaceutical companies of their marketing and advertising practices, including gifts and free samples, are other promising strategies for containing prescription drug prices.

“It’s hard to use the term ‘free market’ when you’re in an area that is dominated virtually entirely by huge multi-national corporations... many of whose products are strongly patent protected. And so you’re dealing with monopolists in almost everything. So the notion of a free market is really not entirely functional when you’re talking about prescription drugs. And that is why it is important for the buyers of those drugs to band together, and to negotiate not on behalf of an individual purchaser but on behalf of millions of purchasers.”

— New York State Assemblyman Richard Gottfried

ADDITIONAL RESOURCES

DMI’S DECEMBER 2006 MARKETPLACE OF IDEAS EVENT

Watch or listen to ME State Rep. Sharon Treat discussing the implications of her Maine Rx Plus legislation for New York with NY State Assemblyman Richard Gottfried; Jon Cohen, Chief Medical Officer of the North Shore-Long Island Jewish Health System; and Charles Bell, Programs Director for Consumer’s Union.
http://www.drummajorinstitute.org/events/unique_event.php?ID=42

FOR MORE ON MAINE’S RX PLUS LEGISLATION SEE:

Sharon Anglin Treat and Stephen Sarno, “Cutting Drug Costs: Different Approaches, Different Results: Evaluating the Effectiveness of Voluntary and ‘Carrot and Stick’ State Drug Discount Programs in Ohio and Maine,” Prescription Policy Choices (2005) <http://www.policychoices.org/reports/CutDrugCostsReportFINAL.pdf>

The text of Maine’s Rx Plus law is available at:

<http://janus.state.me.us/legis/LawMakerWeb/externalsiteframe.asp?ID=280011302&LD=1634&Type=1&SessionID=5>

¹² DMI’s Marketplace of Ideas, December 11, 2006

**FOR MORE ON THE BURDENS IMPOSED BY HIGH
PRESCRIPTION DRUG PRICES IN NEW YORK, SEE:**

Blair Horner and Tracy Shelton, "Paying the Price: The High Cost of Prescription Drugs for Uninsured Consumers," New York Public Interest Research Group (2004)

http://www.nypirg.org/consumer/drugreport/paying_the_price.pdf

**FOR MORE STATE POLICY OPTIONS ON
REDUCING PRESCRIPTION DRUG PRICES SEE:**

The National Legislative Association on Prescription Drug Prices

<http://www.nlarx.org/index.html>

**FOR MORE ON THE WORK DONE BY
DMI'S MARKETPLACE OF IDEAS PANELISTS, SEE:**

New York State Assemblyman Richard Gottfried

<http://assembly.state.ny.us/mem/?ad=075&submit=Go>

Charles Bell, Programs Director for Consumer's Union

<http://www.consumersunion.org/>

UNIVERSAL PRESCHOOL

Senator Penny Williams, OK

The problem: Despite the substantial social and economic benefits of early childhood education, less than half of New York’s four-year-olds, and just 16 percent of its three-year-olds, are enrolled in public preschool.¹³ Governor Spitzer’s commitment to preschool funding will make much broader access possible—the challenge is now implementation.

A profusion of studies have documented the lifelong positive impacts of quality preschool education: children are more prepared for elementary school and have more developed social skills, are less likely to need special education classes, and down the road are more likely to graduate from high school and be employed, and less likely to need public assistance or go to jail. Public preschool also enables parents to work knowing their young children are in a safe, educational environment and allows employers to retain good employees who might otherwise struggle with childcare dilemmas. Because of these benefits, research suggests that, over time, the public sees a return as high as \$13 for every dollar invested in high-quality preschool.¹⁴ One study projected that investing in universal preschool could save New York State as much as \$828 million a year on K-12 education in the medium term by ensuring that children enter kindergarten ready to learn.¹⁵

New York recognized the benefits of preschool education early on, but the state has only now begun to meet the challenge of providing adequate funding. In 1997, the state established Universal Pre-kindergarten, which was intended to be available to every New York 4-year-old by the 2002-03 school year. However, a virtual freeze on the state’s preschool budget prevented the program from expanding between 2001 and 2006. As a result, nearly 125,000 4-year-olds, and nearly all of the state’s 3-year-olds, currently lack access to public preschool. Moreover, while all preschool teachers were supposed to have state certification by 2001, more than one in four universal pre-kindergarten teachers in New York City still lacked certification in 2005.¹⁶ The State’s 2008 budget finally provides a more appropriate level of support for the program, increasing funding by 50 percent over the previous year to \$438 million. What’s more, New York’s renewed commitment to preschool is part of a vision of “p-16” education stretching from early childhood through college. The challenge now is implementing the program, improving transitions from preschools to kindergarten and ensuring the new funding stream into the future.

“In 1990... after a lot of blood and teachers walking the rain, circling the capitol, we finally passed this Education Reform Bill with the money to pay for it. Two years later... they tried to repeal it. We had a [ballot referendum on repeal]... ‘Vote No’ was our campaign. And we actually were successful. So through a vote of the people of Oklahoma we voted... to keep this commitment to early childhood.”

—Oklahoma State Senator Penny Williams

Oklahoma’s experience shows how a conservative state which has traditionally kept a tight rein on public spending nevertheless managed to enroll 70 percent of its four-year-olds in state-funded preschool—the highest proportion of any state in the country. The number rises to an even more impressive 92 percent when 4-year-olds attending public special education and Head Start classes are included. To cap it off, Oklahoma offers a high quality program: every teacher has both a bachelor’s degree and certification in early childhood education.

¹³ Numbers are for the 2005-2006 school year. “The State of Preschool: 2006 State Preschool Yearbook,” National Institute for Early Education Research, Rutgers University (2006) <http://nieer.org/yearbook/pdf/yearbook.pdf>

¹⁴ Leslie J. Calman and Linda Tarr-Whelan, “Early Childhood Education for All: A Wise Investment,” Legal Momentum and the Massachusetts Institute of Technology Workplace Center (2005) <http://web.mit.edu/workplacecenter/docs/Full%20Report.pdf>

¹⁵ Clive R. Belfield, “Early Childhood Education: How Important are the Cost Savings to the School System?” Center for Early Care and Education (2004) http://www.winningbeginningny.org/databank/documents/belfield_report_000.pdf

¹⁶ “New York: The State Of Learning: A Report To The Governor And The Legislature On The Educational Status Of The State’s Schools Statewide Profile Of The Educational System,” The University Of The State Of New York, The State Education Department (2006) Appendix C <http://www.regents.nysed.gov/2006Meetings/October2006/1006bra3a.pdf>

THE OKLAHOMA SOLUTION: UNIVERSAL PRESCHOOL

Oklahoma's high quality preschool program, ranked first in the nation in student access and enrollment rates, includes the following features:

- Free, voluntary enrollment for all four-year-olds statewide;
- Most preschool is provided inside public schools, however programs are also run out of daycare centers, YMCAs, and other community-based facilities;
- Local school districts are not required to offer preschool, but are reimbursed by the state for each preschooler enrolled, with additional funding provided for children from low-income and non-English speaking households;
- Local school districts can choose whether to offer a full-day or half-day program, and are reimbursed by the state at a higher rate for the full-day;
- Whether classes are held inside a public school or not, all preschool teachers must hold a bachelor's degree and be certified in early childhood education. Continuing professional development is required;
- Preschool teachers are paid the same salary and benefits as other public school teachers;
- Preschool class sizes cannot exceed 20 students, with a minimum of one staff member for every ten children;
- Preschools must include an accessible and safe playground area;
- Students receive free vision and hearing screenings.

HOW OKLAHOMA PASSED THE LAW

Oklahoma's preschool system, known as the Early Childhood Four-Year-Old Program, evolved over twenty years from a pilot project, to a program for low-income children, and finally to the nation's most widely available public pre-kindergarten program. Starting in 1980, Oklahoma ran pilot projects to study public preschool. But the way State Senator Penny Williams tells it, it was the 1983 Nation at Risk report by the National Commission on Excellence in Education that really galvanized the state's

Republican governor Henry Bellmon to improve education. A coalition of teachers, parents, State Department of Education staff, childcare providers and tribal leaders organized for education reform and devised high standards for preschool. Yet Oklahoma's conservative legislature was hard to convince. Years passed before the state finally passed its 1990 education reform bill, which helped to nearly double state investment in K-12 education over the next decade while improving educational standards statewide, reducing class sizes and raising teacher salaries. The bill also offered state funding to any public school district that chose to provide preschool to four-year-olds who were eligible for Head Start. Children who did not fall into this low-income group could pay tuition to attend the public programs as well. The bill was funded by increased income, gasoline, and sales taxes.

Almost immediately after the bill's narrow passage in the legislature, interests opposed to the tax hike organized a ballot initiative to prevent its implementation. But in 1991, Oklahoma citizens voted 54 percent to retain the legislation.

The demand for public preschool was still outstripping the supply. Senator Williams explains that school superintendents aiming to increase access and resources for their districts began to enroll four-year-olds in state-funded universal kindergarten programs despite the fact that they were underage. She proposed opening the state's preschools to students of all incomes to provide more age-appropriate learning. Joined by State Rep. Joe Eddins, Senator Williams sponsored a 1998 bill that would provide state funding for all four-year-olds, regardless of income, to attend preschool. To counter criticism that universal preschool represented excessive state meddling with local schools, the bill did not require districts to offer preschool, but merely offered funding for programs that met the state's standards. By 2006, 96 percent of districts in the state chose to participate.

"I think the data is very clear. Early childhood education is the best return on education dollar investment that we can make."

—Nancy Kolben, Co-director of the Winning Beginning NY Campaign

To allay concerns about new taxes, the program was funded using existing education resources. As it happened, Oklahoma's K-12 enrollments declined, enabling the preschool program to expand without negatively affecting other education priorities. The state also received matching funds from the Kaiser Family Foundation.

THE RESULTS SO FAR

General research into the effects of preschool education has demonstrated lasting effects on achievement in school and throughout life. Research focused specifically on Oklahoma's program, however, has tended to look at the immediate impact on children's cognitive, language, and social development. A 2005 study by National Institute for Early Education Research at Rutgers University compared Oklahoma five-year-olds who had completed the state's preschool program with comparable children whose birthdays were just after the cutoff date to enter preschool that year. The study examined skills such as vocabulary, basic number concepts, telling time, counting money, familiarity with alphabet letters, and awareness of words and book concepts. Oklahoma's preschool program produced gains in all of these areas: measurements of vocabulary skills were 28 percent higher than the gains of children without the program, while math skills were 44 percent higher. While the impact was particularly substantial for children from low-income households, children of all backgrounds showed significant gains.

The results echo those of an earlier study by Georgetown University's Center for Research on Children in the United States, which found that preschool increased the test scores of children in Tulsa (Oklahoma's largest and most diverse school district) by 16 percent, with the largest gains among black and Hispanic students, as well as those from low-income households. Most students benefited more from full-day preschool than from a half-day program.

The study concluded that "The Tulsa pre-K program offers an example of the success with which systematic, school-based initiatives can launch four-year-olds on a promising trajectory into elementary and secondary school education."

"I think this is an issue that people care tremendously about. Because it is, one, about their kids, and making sure their kids have the foundation they need to do well in school. But then it's also an issue about working people. And about the reality of lives of average folks... and the struggle of being a New Yorker, and having a place where your child will be where they will be safe, well taken care of and educated and stimulated."

—New York City Council Speaker
Christine Quinn

BEYOND OKLAHOMA

Despite Oklahoma's impressive record of access, quality, and impact, the program has two significant shortcomings: full-day programs are not available throughout the state and Governor Brad Henry's plan to expand preschool to three-year-olds failed to win passage in the state legislature. By offering full-day education and a program that extends to three-year-olds, New York can surpass Oklahoma's inspiring example.

ADDITIONAL RESOURCES

DMI'S OCTOBER 2006 MARKETPLACE OF IDEAS EVENT

Watch or listen to OK State Senator Penny Williams discussing the implications of her universal preschool legislation for New York with New York City Council Speaker Christine Quinn; Nancy Kolben, Co-director of the Winning Beginning NY Campaign; and Adelaide Sanford, Vice Chancellor of the New York State Board of Regents. http://www.drummajorinstitute.org/events/unique_event.php?ID=40

FOR MORE ON OKLAHOMA'S UNIVERSAL PRESCHOOL PROGRAM, SEE:

Cynthia Lamy, W. Steven Barnett, and Kwanghee Jung, "The Effects of Oklahoma's Early Childhood Four-Year-Old Program on Young Children's School Readiness," National Institute for Early Education Research, Rutgers University (2005) <http://nieer.org/resources/research/multistate/ok.pdf>

William T. Gormley, Jr. and Deborah Phillips, "The Effects Of Universal Pre-K In Oklahoma: Research Highlights And Policy Implications," Center for Research on Children in the United States, Georgetown University (2003) http://www.crocus.georgetown.edu/reports/effects_of_universal_prek_wp2.pdf

FOR MORE ON EFFORTS TO ACHIEVE UNIVERSAL ACCESS TO PRESCHOOL IN NEW YORK, SEE:

"The Best in the Nation: A Plan for Early Care and Education," Winning Beginning NY (2006) http://www.winningbeginningny.org/documents/best_in_nation_plan_001.pdf

"Strengthening and Expanding Pre-kindergarten in the Children First Reorganization," Child Care, Inc. (2007) <http://www.childcareinc.org/pubs/strengthen.pdf>

Betty Holcomb, "A Diverse System Delivers for Pre-K: Lessons Learned in New York State," Child Care, Inc. (2006) http://www.winningbeginningny.org/brochure/documents/diverse_delivery_0706.pdf

FOR A SAMPLING OF RESEARCH ON THE GENERAL IMPACT OF EARLY CHILDHOOD EDUCATION, SEE:

Leslie J. Calman and Linda Tarr-Whelan, "Early Childhood Education for All: A Wise Investment," Legal Momentum and the Massachusetts Institute of Technology Workplace Center (2005) <http://web.mit.edu/workplacecenter/docs/Full%20Report.pdf>

Ellen Galinsky, "The Economic Benefits of High-Quality Early Childhood Programs: What Makes the Difference?" Committee for Economic Development (2006) <http://familiesandwork.org/eproducts/ced.pdf>

Stacie Carolyn Golin, Anne W. Mitchell and Barbara Gault, "The Price of School Readiness: A Tool for Estimating the Cost of Universal Preschool in the States," Institute for Women's Policy Research (2004) <http://www.iwpr.org/pdf/G713.pdf>

Robert G. Lynch, “Enriching Children, Enriching the Nation: Public Investment in High-Quality Prekindergarten,” Economic Policy Institute (2007) http://www.epi.org/content.cfm/book_enriching

“The State of Preschool: 2006 State Preschool Yearbook,” National Institute for Early Education Research, Rutgers University (2006) <http://nieer.org/yearbook/pdf/yearbook.pdf>

**FOR MORE ON THE WORK DONE BY
DMI’S MARKETPLACE OF IDEAS PANELISTS, SEE:**

New York City Council Speaker Christine Quinn
<http://www.nyccouncil.info/>

Nancy Kolben, Co-director of the Winning Beginning NY Campaign
<http://www.winningbeginningny.org/>

Adelaide Sanford, Vice Chancellor of the New York State Board of Regents
<http://www.regents.nysed.gov/>

WHO IS THE DRUM MAJOR INSTITUTE FOR PUBLIC POLICY?



The Drum Major Institute for Public Policy is a non-partisan, non-profit think tank generating the ideas that fuel the progressive movement. From releasing nationally recognized studies of our increasingly fragile middle class to showcasing progressive policies that have worked to advance social and economic justice, DMI has been on the leading edge of the public policy debate. DMI is also noted for developing new and creative ways to bring its work to the advocates and opinion leaders that need it, from starting one of the first public policy weblogs to pioneering the use of Google Adwords to hold elected officials accountable for their votes on issues of importance to their constituents.

Originally called the Drum Major Foundation, DMI was founded by Harry Wachtel, lawyer and advisor to Rev. Dr. Martin Luther King, Jr. during the turbulent years of the civil rights movement. DMI was relaunched in 1999 by New York attorney William Wachtel, Harry's son, and by Martin Luther King III and Ambassador Andrew Young.

DMI's approach is unwavering: We do not issue reports to see our name in print or hold forums for the sake of mere talk. We seek to change policy by conducting research into overlooked but important social and economic issues, by leveraging our strategic relationships to engage policymakers and opinion-leaders in our work and by offering platforms to amplify the ideas of those who are working for social and economic fairness. From releasing an almost instantaneous analysis of the President's State of the Union Address to launching a fellows program that highlights the unique insights of activists, DMI consistently demonstrates that its reach extends far beyond the tired orthodoxies of both the right and the left.

Please visit www.drummajorinstitute.org for more information.

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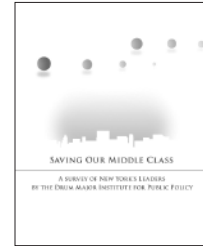
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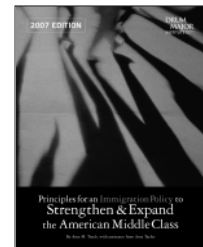
SAVING OUR MIDDLE CLASS: A SURVEY OF NEW YORK'S LEADERS

April 2007 / It's harder for New Yorkers to enter the middle class today than ten years ago, according to DMI's groundbreaking survey of 101 top leaders from New York City's academic, business, political, policy advocacy and civic-institutional sectors. The survey analyzed top challenges for the city's current and aspiring middle class and evaluated city, state and federal policies to address New York's middle-class squeeze.



PRINCIPLES FOR AN IMMIGRATION POLICY TO STRENGTHEN AND EXPAND THE AMERICAN MIDDLE CLASS: 2007 EDITION

March 2007/ This report finds that immigrants contribute to middle-class prosperity as workers, taxpayers, and consumers, while also concluding that undocumented immigrants' lack of workplace rights undercuts the middle class. DMI's complete immigration toolkit includes an update of our 2005 report, talking points, a discussion guide, legislative analyses, and Spanish translation.



DMI ON THE 2007 STATE OF THE UNION

January 2007/ There was little for current and aspiring middle-class Americans in President Bush's State of the Union Address this year. DMI's "instant analysis," released just hours after the speech, examines the President's domestic policy agenda in-depth. We find that the President's proposals, at their core, are driven by a conservative ideology that doggedly protects the wealthiest Americans from tax hikes by sharply cutting social programs, while also absolving corporations of their obligation to protect the health and welfare of their employees by shifting those burdens to the workers themselves.



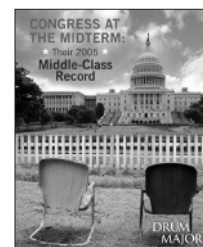
THE 2006 DMI YEAR IN REVIEW

December 2006/ 2006 was the year of Systems Failure. Most Americans were tired of the status quo—on the war, on the economy, on the lapsed ethics of those entrusted to represent our interests. The result: on Election Day, they rebooted, ready to try again. The DMI 2006 Year in Review explores the year's best and worst of public policy, tunes into the voices of 2006 and profiles eight Americans advancing progressive policy. Also featured: a report from the front lines in six states and from the blogosphere, our recommended reading list, a recap of what the think tanks of the conservative right are up to and, as always, the 2006 Injustice Index.



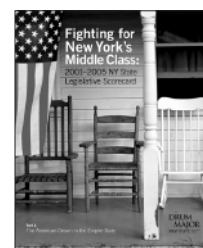
CONGRESS AT THE MIDTERM: THEIR 2005 MIDDLE-CLASS RECORD

June 2006/ In vote after vote, Congress disdained the concerns of middle-class Americans and opted instead to favor the already wealthy and powerful: a surefire recipe for a shrinking middle class. This report takes a closer look at those decisions and issues each member of Congress, as well as the House and Senate as a whole, a letter grade based on their 2005 votes on legislation critical to expanding and strengthening America's middle class.



FIGHTING FOR NEW YORK'S MIDDLE CLASS: 2001-2005 NY STATE LEGISLATIVE SCORECARD

March 2006/ Who voted to support the American Dream in the Empire State? The New York State legislature has been called the most dysfunctional in the nation, but it is far from powerless. The scorecard looks at twenty pieces of legislation over the last five years, from the minimum wage to the high cost of car insurance, and assigns each state senator and assembly member a grade based on his or her votes in support of—or against—New York's current and aspiring middle class.



A LOOK AT THE IMPACT SCHOOLS

June 2005/ A demographic profile of the middle and high schools targeted by the "Impact Schools" safety initiative. This report finds that high levels of crime and disorder aren't the only characteristics that distinguish the Impact Schools from their peers in the New York City public school system.

