

Kenny: [inaudible] here. That looks good.

Kenny: Bill, when I'm controlling this prompter-

Bill Walton: Yeah?

Speaker 3: Jonathan-

Kenny: I'm going to have it, so that-

Speaker 3: ... can you-

Kenny: ... what you're-

Speaker 3: ... take your bottle-

Kenny: ... reading is right about here.

Speaker 3: ... off the table?

Jon. Williams: Yes, thank you.

Speaker 3: You can actually reach-

Bill Walton: Okay.

Kenny: Don't-

Speaker 3: ... down for it.

Kenny: When this comes up-

Jon. Williams: Any time, yeah.

Speaker 3: Yeah.

Kenny: ... don't even start 'til it gets here.

Bill Walton: Okay. But, you're going to give me some room.

Kenny: Oh yeah, you'll see it. That way you're seeing what's coming.

Bill Walton: Okay, I like that.

Kenny: Yeah.

Bill Walton: I always like to know what's coming.

Seth Grove: Don't we all.

Kenny: Yeah, exactly.

Bill Walton: Wouldn't that be great if we actually could? We need you guys to develop a model, so we can, Art Laffer, what's coming?

Jon. Williams: Exactly.

Bill Walton: Yeah.

Kenny: Bill Walton Show, April 25.

Bill Walton: Okay.

Kenny: All right, standby. The only ground rules are to forget about us, all right?

Seth Grove: Mokay.

Kenny: Mostly, I'll hang back here. But, if I need to, I could end up walking there, so it's don't pay attention to the guy behind the curtain.

Jon. Williams: All right.

Bill Walton: The other ground rule is don't be shy about chiming in.

Kenny: Mm-hmm (affirmative).

Seth Grove: Mm-hmm (affirmative).

Bill Walton: Or even asking me a question. This is a continuation of where we started there.

Jon. Williams: Good deal.

Bill Walton: Okay.

Jon. Williams: All right.

Bill Walton: Great.

Kenny: [Maureen 00:01:10], just a little further left. There we go. Okay, so standby, and [Sarah 00:01:15]-

Bill Walton: I think I'll-

Kenny: ... are you ready [crosstalk 00:01:16]?

Bill Walton: ... start with you. First question, you tell me about ALEC as in Baldwin.

Jon. Williams: Yes. Sounds good.

Bill Walton: Okay.

Kenny: All right, Bill, you ready?

Bill Walton: I'm ready.

Kenny: Standby, wait 'til it gets toward the top.

Bill Walton: [inaudible 00:01:30]. Okay. One of the goals of this show is to explore what I call lines of action. There are things that we can do to improve our...

Bill Walton: Let's start over again.

Kenny: Yeah, I saw that.

Bill Walton: I'm used to a continual scroll. Can you slow it-

Kenny: Let me just slow it-

Bill Walton: ... down?

Kenny: Let me slow it down.

Bill Walton: Because, you're stopping and starting is very difficult. That's much easier if it keeps scrolling.

Kenny: Let's see how this [inaudible 00:01:48].

Bill Walton: [inaudible 00:01:48].

Kenny: All right. Here we go.

Bill Walton: One of the goals of this show is to explore what I call lines of action. Are there things that we can do to improve our outcomes? I believe almost always there are. We just don't often act on the evidence before us.

Bill Walton: For example, economic policy, do they need to...

Bill Walton: Let's start over again, okay? I'm having trouble with you in control here, Kenny.

Kenny: You know what? We're figuring out the speed. Now, I think I have the speed down.

Bill Walton: You're out of control, Kenny.

Kenny: All right. Guys, you're involved with a beta.

Bill Walton: This, so far, this is not an improvement.

Seth Grove: We'll do.

Kenny: No, no.

Bill Walton: Okay.

Kenny: It will be.

Seth Grove: It's all good.

Kenny: It will be.

Jon. Williams: Yeah.

Bill Walton: All right.

Kenny: Once we have the speed down correctly.

Bill Walton: Okay.

Kenny: We're still working-

Bill Walton: That was a little-

Kenny: ... on the-

Bill Walton: ... fast.

Kenny: ... prompter system.

Jon. Williams: Ah, yeah.

Kenny: All right, here we go.

Bill Walton: Okay.

Kenny: [inaudible] at the top.

- Bill Walton: One of the goals of the show is to explore what I call lines of action. Are there things that we can do to improve our outcomes? I believe almost always there are. We just don't often act on the evidence before us.
- Bill Walton: For example, do economic policy choices need to be a zero-sum game with politicians dividing up what they see as a fixed pie and trying to mandate results and outcomes? No, they do not. We have a clear real world examples of how to put incentives in place for innovation, economic growth, and prosperity.
- Bill Walton: At the state level, we have the tools to predict and take action to determine how all 50 state economies will perform years into the future. Developed by the America Legislative Exchange Council, Rich States, Poor States is an annual forecast based on each state's current standings in 15 policy variables. Each of these factors is directly influenced by state lawmakers through the laws they pass.
- Bill Walton: As we'll talk about in this show, if we know what works, and what does not, why are so many states still lagging in economic performance? The original term for economics was political economy, which meant that good economics depends upon sensible politics. With me to explore where this is happening, and where it is not, are Jonathan Williams and Representative Seth Grove.
- Bill Walton: Jonathan Williams is the chief economist and vice president for the Center of State Fiscal Reform of the American Legislative Exchange Council and one of the authors of Rich States, Poor States. In his role with ALEC, Jonathan has become one of the most highly regarded leaders in working with state policymakers, Congress, and members of the private sector to develop sound economic growth policy solutions.
- Bill Walton: Seth Grove has since 2009 represented the 196th district in the Pennsylvania House of Representatives where he chairs both the government oversight and financial oversight [inaudible 00:04:48]. Seth also serves on the board of ALEC. The New York Dispatch says about Seth, "Lest anyone think no one can go to Harrisburg and immediately start making a difference, we offer the example of someone who has, Seth Grove, one of the hardest working legislators around."
- Bill Walton: Welcome, Seth.
- Seth Grove: Thanks for having us.
- Bill Walton: Welcome, Jonathan.
- Jon. Williams: Thank you, Bill.
- Bill Walton: Tell me about ALEC.

Jon. Williams: Well, ALEC is I think really a tremendous organization that's been around now for 45 years and really devoted to three quintessential American principles: free markets, limited government, federalism. We work with state lawmakers, about 2,000 current state lawmakers across the United States on a non-partisan basis to talk about what works, and what doesn't across these 50 laboratories of democracy that you mentioned in your opening and talking about economics.

Jon. Williams: It's really not about left-wing or right-wing economics. As Reagan would say, it's about up versus down and good economics. We don't deal with social issues. We just focus on really the common sense kitchen table issues faced by state lawmakers in their 50 state capitols.

Bill Walton: With all the focus on the federal budget, all the stuff happening in Washington, I think people lose sight of the fact that in each of the 50 states, we have a laboratory, as you point out, to experiment with economic policy ideas.

Seth Grove: Yeah, we see it I know as... I've been to many, many ALEC meetings, and we've had breakout sessions actually on Pennsylvania on what not to do particularly around our first class city of Philadelphia. But, it's amazing to go in there, converse with my colleagues from all 50 states, talk about successes they have had on different policies they've had and taking them back to your state to do a model to build success.

Seth Grove: It's great camaraderie, and you really get to see the impacts. You get to see the success. You get to see how they're winning, how they're developing their states, how their citizens are prospering through good policy. It's a good thing, and it's far attached from the federal government.

Seth Grove: We talked earlier, I'm not sure what the solution is for Washington DC, but I know what the solutions for the states are, because we have those models to see. I think Trump at the federal level is trying to take some of those successful policies that we've seen in states, build it at the state level.

Bill Walton: Do we think he's read Rich States, Poor States?

Jon. Williams: I think so given how close he is to my two co-authors, Art Laffer and Steve Moore.

Bill Walton: Let's talk about that. How did this report come about, and who else is involved with it besides you?

Jon. Williams: Art Laffer really came up with this idea with Steve Moore over a decade ago and came to us and said, "Wouldn't it be great if we could create a model where state lawmakers and governors and concerned citizens could measure their states versus the other 49?"

Jon. Williams: Art Laffer, of course, has been working on this for decades and has created this model. I think based on their experience, I think President Trump and probably a lot of members of Congress watch this. What's unfortunate, I'm glad you mentioned just the differences in policymaking between Washington, DC and the states is that the mainstream media pays so much attention to what's happening in the federal level. They ignore a lot of these really important decisions made at the state and local levels of government.

Bill Walton: Just to amplify, Arthur Laffer is the Arthur Laffer of the Laffer curve. He's been advising presidents for four decades. He's considered one of the greatest economies I believe of the 20, 21st century.

Bill Walton: Steve Moore was with Club for Growth and the Wall Street editorial board, now with Heritage as their economist, and is now up for the Federal Reserve Board which is a conversation for another day.

Jon. Williams: Yes.

Bill Walton: The model was developed based on 15 factors. How did you come up with 15? What is that?

Jon. Williams: Well, obviously, we could probably come up with a thousand, but 15 is where Art Laffer wanted to start. We chose the 15 for a couple of reasons, and that Art studied this for 50 years. Somebody who is obviously a legend in our field, and somebody who deserves a Nobel Prize in economics in my opinion.

Bill Walton: Yes.

Jon. Williams: He has just done such an incredible job on the background research to show why these 15 factors matter for economic growth first of all. That's really why we chose them.

Jon. Williams: But, secondly, and I think, perhaps, just as importantly, is they're factors that people like Seth Grove and other state lawmakers in their state capitols directly control. Because, there's all these indices that we see from CNBC, from Forbes, from all the other groups out there. But, many times, other indices measure things like weather, and however they define things like quality of life that state legislators would love to control. However, they can't obviously. We look at the things that really state lawmakers-

Bill Walton: Well, that's the key.

Jon. Williams: ... do control.

Bill Walton: That's the thing I mentioned in the opening is that there are things we can do to bring about change, and there are things we can't. We can't change our climate, but we can change our tax laws.

Seth Grove: Correct.

Bill Walton: That's the essence of what this is.

Bill Walton: Now, one of the things you do that's fascinating to me is you rate states as of today on how they're doing on their economic performance today, and you have three metrics that you use, and those are?

Jon. Williams: GDP growth-

Bill Walton: GDP.

Jon. Williams: ... job growth, and population growth are the three performance measures which look back at the last decade worth of data.

Bill Walton: You call it, population, you got a big four letter, five letter, five dollar word for that, absolute domestic migration cumulative 10 years. And, I see California ranks -799,000. Does that mean 799,000 people have left California?

Jon. Williams: On net. What that is, and here's the difference between that and population is that that is net domestic migration which is Americans when they're in the United States deciding when they move from state to state, versus things like international immigration or birth rates and death rates.

Jon. Williams: Why generally economists look at net domestic migration is it drills down into the factors that cause people to go from state to state, versus just natural occurrences like births and deaths and natural-

Bill Walton: These are people moving to Arizona and Texas?

Jon. Williams: Exactly, and Colorado.

Bill Walton: And, Colorado.

Jon. Williams: That's right. Some conservative elected officials in those states are not happy about that, because, obviously, some of these folks are bringing their voting behavior with them, right?

Bill Walton: Well, and, they're losing congressional seats too.

Jon. Williams: That's actually a really important story in that California, since statehood, roughly 1850, has always gained congressional seats, because California was the

land of opportunity. The golden state for a reason really, it was economic opportunity. For the first time in state history, 2010, California did not gain a new congressional seat. It's very possible as we get close to 2020 and the census coming up that California may lose its first congressional seat because of this massive net domestic out migration, about 800,000 that you mentioned.

Bill Walton: You get the report, Rich States, Poor States, and I guess I've got last year's edition here. You got a new one coming out in a couple months.

Jon. Williams: We do.

Bill Walton: I'm a governor, and I pick this up, and I look at it, and I get very happy. "Oh, I'm ranked number one now based on these three factors." But, then I have ALEC's judgment about how it's going to look in the future, and that's based on the 15 factors. Just briefly, without getting too in the weeds, what are the 15 factors?

Jon. Williams: Well, probably, the categories are: tax policy, regulation, and labor policy.

Bill Walton: Okay.

Jon. Williams: Those are things that Art Laffer has developed, and we've kept consistent over now the 12 years.

Bill Walton: Taxes, regulation, labor.

Seth Grove: Keeping consistent is helpful long term, because it's not a, we're not going to add new data points. You know where you stand on these 15 metrics which we can control.

Seth Grove: If you look in their policies, are you a right to work state? Do you have an income tax, and how high is that rate?

Bill Walton: Right.

Seth Grove: Is it a flat tax? Are you regressive income tax? That consistency allows you to build profiles of states long term, so it's not, we're going to add a new dimension here and take it away. It allows you to have a consistent profile of states moving forward.

Bill Walton: These 15 factors of states the same for what? 10 years?

Jon. Williams: Yeah, 12 years now-

Bill Walton: 12 years since-

Jon. Williams: ... of our rankings.

Bill Walton: Okay.

Jon. Williams: Right.

Bill Walton: I'm the governor of the state of Washington, and I look at this report, and I see I rank number one. Then, I look at your prognosis, and let's see, you're predicting I'm going to end up 39. What's gone wrong here?

Jon. Williams: Well, the policies that they have in place based on our criteria and Art Laffer's research, we know that those policies will have a drag on future economic growth. Washington state's a unique one, because, obviously, whenever you measure 50 states and have all of these variables, you have outliers. Washington state has been one of the outliers as a state that has not lost a ton on economic performance yet.

Jon. Williams: But, I will say-

Bill Walton: This is-

Jon. Williams: ... one of the most-

Bill Walton: This is because of Microsoft and-

Jon. Williams: Certainly, that's one of the big reasons. Obviously, there's the international trade reason. There's a deep water port reason there in terms of commerce. But, also, they do something right in Washington state that I think has an outsized impact on their performance in that they are one of the nine states, Bill, that avoid a personal income tax.

Bill Walton: Mm-hmm (affirmative).

Seth Grove: Mm-hmm (affirmative).

Jon. Williams: That is one of the most important of the 15 factors that we measure is those states have a huge growth premium associated with them on future population growth, on job growth, on GDP growth.

Jon. Williams: Perhaps, if we doubly or triply weighted no income tax status, that ranking would look a little bit different on the outlook side. But, Art has liked to keep this equally weighted of the 15 factors just to make sure that people don't think we're cooking the books and trying to change anything.

Bill Walton: Oh, so these are all equally weighted.

Jon. Williams: Equally weighted, right. I think if we were to change it probably we would doubly weight things like income tax status, both business and individual, and

right to work. I think those are probably the three most important of the 15 factors.

Bill Walton: Now, do your fellow legislatures and legislators in Pennsylvania watch this and take a look at this as a scoreboard?

Seth Grove: Yeah, we track it. We like to benchmark against our sister states to see how we're doing. Obviously, there are some of my colleagues that don't necessarily buy into not having an income tax as a good policy or right to work or some of those other things. But, it allows us to provide a benchmark with our sister states that allows us to compare and say, and we can go back and say, "Look at the success we've seen in other states because of X policy, Y policy."

Seth Grove: We've made some progress in Pennsylvania. It's politically a tough state to do it, but we've done some tertiary stuff around our unemployment labor policies moving forward. We've fought back some massive tax increases that we would have took a hit, and we're pretty steady around that high to low 33 ranking moving forward.

Seth Grove: I know Governor Rendell, at one point, there was some upward movement during his administration, and he was, "Aw, even ALEC says were doing good economically."

Bill Walton: Even ALEC.

Seth Grove: Yeah, it's kind of unique to hear someone like Governor Ed Rendell trumpet American Legislative Exchange Council.

Seth Grove: But, it's phenomenal. It's a great tool for us, because we know through metrics and outcomes what success looks like. We know the successful states. We know where people want to move.

Seth Grove: People don't want high tax, big government states controlling aspects of their entire life. We're seeing it in Pennsylvania. The derogatory name is Taxylvania for our state. It's not just the big taxes. It's those nickel and diming fees and assessments on top of it.

Seth Grove: We're starting-

Bill Walton: I think-

Seth Grove: ... to see-

Bill Walton: I think-

Seth Grove: ... movement to-

Bill Walton: I think you-

Seth Grove: ... South Carolina-

Bill Walton: I think you-

Seth Grove: ... and North Carolina.

Bill Walton: I think you rank third highest state local taxes in the United States.

Seth Grove: Yeah, yeah, so it's a compounding effect.

Bill Walton: One of the things I'm so curious about, because I'm not, my world is not politics, my world is business investments. In that world, you're trying to act on evidence and outcomes. If you do this, this will be the outcome. You do this, you get a worse outcome, and so you adjust your lines of action.

Bill Walton: Here's a case you've got clear evidence I believe of what works, and what doesn't work, and, yet, not much changes. What are the barriers?

Seth Grove: I think barriers are our status quo. I know, specifically for Pennsylvania when we do budgeting, we like to play Santa Claus in June when our budget is done. We like to do gifts to all the Pennsylvania residents, but it's usually carved out, so instead of reforming our tax code to benefit everyone and every corporation, we may do special tax credits for one specific sector.

Seth Grove: I remember a few years ago, one of our colleagues wanted to do a \$100 million tax credit for a specific business in a specific county.

Bill Walton: That's great public policy.

Seth Grove: Yeah. The legislator got, he's no longer there. He lost election last election cycle. But, his argument is, "We should reduce our corporate net income tax rate. It's the third highest in the country." At that time, we were number two. He was like, "We're never going to limit that, so I need to take care of my businesses, and we need to do a \$100 million tax credit for my business in my area."

Seth Grove: [inaudible] at him, I'm like, "If this was your budget ask, why wasn't your budget ask starting to reduce the corporate net income tax?" I agree where you're going, and I see it all across the country. When you start doing corporate welfare and just targeting specialized industries, you end up losing people, because you're not benefiting-

Bill Walton: Yeah, you're picking-

Seth Grove: ... the greater-

Bill Walton: ... winners and-

Seth Grove: ... good.

Bill Walton: ... losers, not letting the market work, yeah.

Seth Grove: It just does not work. It's that institutional ...

Seth Grove: Budget line items, we have what's called walking around money, so legislators will do asks within the budget to send money out to their special pet projects. It's probably half a billion dollars in our budget that's just discretionary spending, that's just ad hoc, and can't say it's really moving Pennsylvania forward.

Seth Grove: You strip that money out and do tax cuts, you're going to get more growth and more impact on an individual basis than you will.

Bill Walton: Got it.

Jon. Williams: Well, you hit on something really important there, which is just this nexus between taxing and spending at the state level. Because, at the end of the day, Bill, state's need to balance their budgets. They don't have printing presses. That's a good thing. Otherwise, California would be in much worse shape than it already is.

Bill Walton: They don't have their own little Federal Reserve cranking out-

Jon. Williams: That's exactly right. That's an important-

Bill Walton: It's probably a-

Jon. Williams: ... dynamic.

Bill Walton: ... good thing.

Jon. Williams: That's a very important dynamic, and that to be sustainable long term and to keep your tax burden competitive long term, you also need to show prudence on the spending side of the equation. The states that have done things well over a period of years have generally exhibited that is restraint on the spending side of the equation.

Jon. Williams: One of my favorite economists, Thomas Sowell, I think put it best and that the first law of economics is a scarcity of resources. The first law of politics, however, is to ignore the first law of economics. That's where we get into a lot of trouble at the state level.

- Seth Grove: Yeah.
- Bill Walton: Now, you don't include things in your ratings like balanced budgets. We talked about this before. You don't think the balanced budget amendments are all that effective.
- Seth Grove: We have a constitutional provision that says on June 30th we have to have a balanced budget. It's basically on paper. It has to balance for one second on one day when the governor signs that certification.
- Seth Grove: To give you a few examples, we use fake revenues to balance the budget. For the past three budgets, we've had this revenue source rating, this joint underwriting association, JUA fund. We attempted it three years ago, it was stopped in state court. The next year we tried it again, it was stopped in federal court. The governor put it in the budget again for this year. I was joking with the budget secretary, I'm like, "Are we going to international court now to try to get this?" You failed at the state. You failed with the feds. Now, we're going international.
- Bill Walton: Trump wouldn't like that.
- Seth Grove: Yeah, it's \$200 million that has never transpired. It ends up being a double whammy. You don't have the revenue-
- Bill Walton: That's like in the corporate world where you get these big companies that they pay down their debt December 31st, so the balance sheet looks better, and then January 1st, they're right back at it.
- Jon. Williams: That's right. Not all state balanced budget amendments are created equally. Some are better than others.
- Jon. Williams: Indiana voters just put one into their state constitution this last fall that was crafted by Mitch Daniels and his team originally and Mike Pence as governor of Indiana. I think that will have some staying power and be helpful.
- Jon. Williams: But, others, as Seth pointed out correctly, like California has a balanced budget, we know what kind of fiscal shape they're in, whether it's pension liabilities, whether it's overall state debt. In many cases, they're not worth the paper that they're printed on unfortunately.
- Bill Walton: Art put this together. Art Laffer put it together 12 years ago. Is there anything you would add or subtract after 12 years? Although, we do need to have the same scorecard year to year.

- Jon. Williams: We've talked about this a little bit. I would probably enter in some additional state financial liability data. We do measure state debt is one of the variables, and that's a proxy to get us to measure broader things.
- Jon. Williams: But, that doesn't take a look at things like the massive, I think existential crisis facing state and local budgets, and that's unfunded pension obligations, OPEB, the other post-employment, basically, post-retirement-
- Bill Walton: OPEB. OPEB means what?
- Jon. Williams: Post-retirement health care generally is the vast majority of the OPEB liabilities. Then, bonded debt is what we measure in the report, but those are the three really I think big areas.
- Jon. Williams: If we were to add a variable or two, I think it would be the unfunded pension obligations. Because, what that is it's a future tax increase waiting on, whether it's businesses or individuals in a state, they are going to be paying for the past promises that were made that have not been funded well.
- Bill Walton: What's the dimension of the problem?
- Jon. Williams: Well, we measure this actually every year at ALEC, and we found that the unfunded pension obligations alone are about \$6 trillion in the 290 state-administered plans across the country.
- Bill Walton: \$6 trillion versus total state GDP of what?
- Jon. Williams: It's a sizeable share. In a lot of states, it's in the double digits of total size of the economy.
- Bill Walton: Because, we've got, what, our budget, our national economy is about 22 trillion, right?
- Jon. Williams: Mm-hmm (affirmative).
- Bill Walton: We've got a debt of about 23 trillion, 24 trillion, so it's about 100%. Then, when you add on Medicare, Medicaid, Social Security, it's close to 100 trillion.
- Jon. Williams: 100 trillion. That's exactly right.
- Bill Walton: By comparison, how much trouble are the states in with these future obligations?
- Jon. Williams: I think it's the parallel issue at the state level. It really is to what's going on nationally with unfunded liabilities in social security, Medicare and Medicaid. In

many cases, you're looking at nearly the entire economic output of a state being represented by the unfunded pension obligation.

Jon. Williams: Some states, if you were to take it to a per capita level, Bill, the numbers are scary. We're talking 20, 30, 40,000 per man, woman, and child in the state that they would owe just to pay off the unfunded pension liabilities alone, not to mention the retiree health care piece.

Bill Walton: We talk about people being responsible for \$55,000 a piece of the federal problem, but now we get to add onto that another 50,000 to the state, gee.

Jon. Williams: And, it's often overlooked, and you know why that is, is state governments use phony accounting. This is something that Representative Grove has looked into a lot. That they don't follow private sector generally accepted accounting principles. They follow their own standard called GASB, the Government Accounting Standards Board, by which if you were a CEO or a CFO in the private sector signing off on financials using GASB accounting, you would be in prison in many cases.

Bill Walton: We know the innovation of Sarbanes-Oxley in the corporate world was that you had to sign statements every quarter, and you were personally criminally liable if there was a misstatement. You mean-

Jon. Williams: That's right.

Bill Walton: ... I should be shocked that state, that governors are not doing the same thing.

Seth Grove: It's just not governors. It's state legislators.

Bill Walton: Yeah.

Seth Grove: Why fully fund your pension liability? That's not sexy. It's not going to get you votes.

Seth Grove: Handing out money to school kids or build a new park, that's where the votes are. Legislators make a decision, we're going to deliberately underfund our pension liability, and they can adjust it, go back and say, "We're going to have an assumed rate of return of 9%," instead of what they're seeing the average is probably 4 or 5%.

Jon. Williams: That's right.

Bill Walton: We're talking about what states are doing wrong. Utah, by counter example, ranks five in terms of economic performance today, and you have them projected to be ranked number one. What are they doing right?

Jon. Williams: Well, there are so many things that Utah is doing right. They've been number one for all 12 editions of Rich States, Poor States actually. A few of the things, and this started years back is when John Huntsman was governor of Utah, he created a flat tax on personal income, a single rate tax that got the rate down to 5% from 7 or 8% before the reform. Recently, they just got it under 5%, so that's an important factor on the personal income tax like we mentioned.

Jon. Williams: But, they did two other things in Utah very well. One is they got ahead of this curve on pension reform. Back in 2011, our friends out there started to transition to more of the defined contribution 401(k)-style system that the private sector has moved to decades ago. They have already started to see some great costs savings, as well as being good for young workers who, by the way, are going to move around to probably 10 jobs or more during their careers, versus their parents or grandparents generation that stuck with one job, were vested in the pension, and then were able to stick it out.

Jon. Williams: Then, the final thing that Utah did which I think is really remarkable, and I know in Pennsylvania, you all had a lot of discussion over the escalating property tax bills in especially the Philadelphia area. What Utah did was stop what I think is a big culprit on property taxes basically everywhere, and that is the assessment driven property tax issue. Where your local governments who collect the vast majority of property taxes, as you know, will say, look at you directly in the face, Bill, and say, "We just cut your property tax rate," and they did. What they're not telling you is the assessment went up by more than the rate cut. When you look at your bill, and you say, "Why did my property taxes just go up from last year after you told me you cut my property tax rate?" That's the assessment driven-

Bill Walton: Because, we changed the assessment on your house from \$200,000-

Jon. Williams: That's right.

Bill Walton: ... to \$400,000.

Seth Grove: Yup.

Jon. Williams: Exactly.

Bill Walton: Gee.

Jon. Williams: They don't take a vote on that.

Jon. Williams: But, what Utah did, which is so innovative, they have what they call the Truth in Taxation law that they passed in the 1980s which they force local officials to take recorded votes not just on the rate differentials on property taxes, but, also, on changes in assessment that would raise your property taxes. I think that's really kept them ahead of the curve for all 12 years now.

- Bill Walton: Who are the bad actors here? There's the political class obviously. People want to get re-elected. They've got short-term objectives which is the next election. We're talking about long-term problems. Who are the road blocks to change?
- Seth Grove: Well, Pennsylvania's probably a great example of a multitude of road blocks. You have special interest groups who want to design everything to their benefit.
- Seth Grove: For instance, the turnpike tolling, Pennsylvania, our turnpike's gone broke, because probably a decade ago the general assembly and the governor decided to bond the turnpike to make mass transit payments. Great for mass transit, they're very influential particularly in the southeast area.
- Bill Walton: What does that mean bond the turnpike?
- Seth Grove: Basically, the turnpike is required to take out bonds, about \$450 million a year, and give it over to mass transit for capital projects.
- Bill Walton: It has positive cash flow. They're taking that cash flow, and they're making it borrow money, and then they turn the money over to some other agency of government?
- Seth Grove: Yup, yup. The turnpike's required to make the payments through increasing turnpike tolls.
- Seth Grove: We're at a point now that we have diminishing returns, because people are not going on the turnpike, because it's so costly to actually drive on it. On top of the maintenance, the tunnel systems, everything else that the turnpike has to maintain, they also have to make this \$450 million bond payment every single year. It's up to \$12 billion in total liabilities for the turnpike, and it's not sustainable moving forward. You have the institutionalization.
- Seth Grove: We have public sector unions which obviously want to gear the benefits toward themselves. They don't want to see pension reform. They don't want to see less government spending. They want to continue, turn the spigot on, on the taxpayers moving forward.
- Seth Grove: It's tough, because there's big money. Unions supply money, and they provide people during election time to re-elect legislators. Making a good government policy statement of, "If we don't do this, we will go bankrupt," for some people unfortunately-
- Bill Walton: It just doesn't resonate.
- Seth Grove: It doesn't resonate.

Jon. Williams: In many states, the biggest enemy to real fiscal reform is the public sector unions as Representative Grove pointed out. This is ironic, because pension reform, for instance, is good for their incoming employees. For young workers that maybe are not going to stay with the state for five or 10 years to even hit their vesting period to qualify for the pension. However, the public sector unions will fight tooth and nail to stop even transitioning new hires to new pension systems like defined contribution.

Jon. Williams: Generally, the first disingenuous attack on pension reform is people want to take away pensions for existing retirees or existing workers, which in my experience following this over the last decade plus at the state level, no serious pension reform proposals are looking at targeting current retirees or current workers. Number one goal of good pension reform is keeping the promise to current workers, current retirees and then changing the deal for new employees coming forward.

Jon. Williams: But, unfortunately, public sector unions even fight that.

Bill Walton: Okay, so let's pick a state that's making some change. Which state do you like that might be moving in the right direction?

Jon. Williams: On pensions?

Bill Walton: Yeah.

Jon. Williams: Oklahoma, Michigan, Utah-

Bill Walton: Okay.

Jon. Williams: ... those are all great-

Bill Walton: I'm-

Jon. Williams: ... examples.

Bill Walton: ... governor of Okla-

Jon. Williams: Pennsylvania moved the ball.

Seth Grove: Yeah.

Bill Walton: Let's say I'm governor of Oklahoma. What are you telling me I ought to do? What am I doing?

Jon. Williams: What Oklahoma actually did a few years ago was transition all new employees at the state level to defined contribution type plans as a future date certain. I

think it was 2014 is when Oklahoma came in and said employees hired after the new fiscal year date on July 1, of a given year, you will be entered into a defined contribution type plan where the state is going to put a fixed amount in and, perhaps, match generously what you would put in as an employee. But, if things go south for the market-

Bill Walton: They have the equivalent-

Jon. Williams: ... taxpayers aren't at risk.

Bill Walton: ... of a 401(k)?

Seth Grove: Mm-hmm (affirmative).

Jon. Williams: That's right.

Bill Walton: Okay.

Jon. Williams: That's right.

Bill Walton: That doesn't seem to be that hard.

Jon. Williams: It really isn't. I don't know why people make it so hard.

Seth Grove: It's, it's-

Bill Walton: I'm always, I keep turning to Seth here. You're in the trenches. You tell me why.

Seth Grove: The story in Pennsylvania is a great story. It's just not the public sector unions. In Pennsylvania, our elected officials were full-time. Base salary is about \$89,000 a year. We have a what I would probably consider a golden pension system, health care. Members don't want to vote against their own interest as well.

Seth Grove: We had heavy Republican majorities in the House and Senate. We had a Republican governor. The governor came out and said, "We need to do pension reform. We've got to do it. It is just eating dollars out of our budget. We can't sustain this moving forward," never got the votes to do it, trifecta Republican.

Seth Grove: Governor Corbett lost. We had Governor Wolf come in. He's from my home county. How a crow flies, we're basically neighbors. He lives in the town over, rated the most liberal governor of America, put a pension reform on his desk, he vetoed it. His basis statement is, "We don't have a pension problem. There's nothing to see here. We'll just fund it moving forward."

Seth Grove: Finally, two years after brow-beating on pension, pension, pension, we came to an agreement to create a new system. Three plans, one's an optional defined

contribution, so a 401(k). Two are hybrids. That is in now in effect. But, we left an open window, so anybody in the state system can transfer between January 1st and March 30th of this year. School employees can do the switch coming up in July 1st. I made the conversion over to 401(k) for multiple reasons. It's the right thing to do.

Seth Grove: But, the most interesting-

Bill Walton: I hope you put it all in equities. You-

Seth Grove: Obviously, yeah.

Bill Walton: All right.

Jon. Williams: Especially this quarter.

Seth Grove: Yeah. The interesting part is I'm also on our appropriations committee. We had the state employee retirement system, so this is the system that all the elected officials retirement income is housed in. They literally testified that we are paying out more than we're getting in contributions from taxpayers and from employees, and we're losing money in the stock market.

Seth Grove: What does that say? We're going bankrupt.

Bill Walton: Mm-hmm (affirmative).

Seth Grove: I looked around the room, and no one really batted an eye. We broke, went up to do further discussion on our next hearing, and no one really discussed that their retirement income potentially will not be there in the future because of the management, and what's happening in it.

Seth Grove: After that, I'm like, "You know what? This is why politicians cannot properly manage pension funds."

Bill Walton: Mm-hmm (affirmative).

Seth Grove: It's too easy to politically motivate it. You're looking at a slew of individuals who are voters. "You know what? We gave you a pension bump. Come vote for me," and it has a drastic effects in the future.

Seth Grove: We had Republican Governor Tom Ridge sign a pension increase back in 1990. The second it was signed, it created a \$20 billion unfunded liability which escalated. That's why we have got to go to a DC. It's less manipulation-

Bill Walton: Direct contribution.

Seth Grove: Yeah.

Bill Walton: Okay.

Seth Grove: You remove the risk from the taxpayers.

Jon. Williams: That's right.

Bill Walton: Right.

Seth Grove: That's the most important thing you can do within a public sector employee pension system.

Jon. Williams: Something Seth just hit on I think is so essential, because you can argue until you're blue in the face defined benefit versus defined contribution. There is merits on both sides.

Jon. Williams: But, I will say, the political economy issue since you coined it that way earlier, and I think that's great, is the perverse incentives, if you will, that elected officials have given a defined benefit system make it toxic for sustainability. That is elected officials are given all the political benefit out front for retroactively adding new benefit increases. They get the public sector unions in their corner. They do well with campaign contributions in the current day.

Jon. Williams: Then, they know that this is a 20 or a 30 or a 50-year problem where the bills will come due when they're long out of office. Their successors then will have to deal with the clean up.

Bill Walton: I thought I was going to get cheered up finding out about all the good things happening in the states. But, I think there are good things-

Seth Grove: Yeah.

Bill Walton: ... happening.

Jon. Williams: Not on pensions-

Seth Grove: There are.

Jon. Williams: ... necessarily but a lot of good ones.

Seth Grove: There are good things. I think the discussion is now, how do we-

Bill Walton: But, you said something I thought was interesting when we were talking before. I said, "Do you want to be a congressman?" You said, "I'm not particularly

[inaudible] going to Washington, because I can't get anything done in Washington." I think the evidence is, that's right.

Seth Grove: Yeah.

Bill Walton: But, in the states, you said you can make things happen. How ... What do you-

Seth Grove: Just, for instance, pension reform, we were able to do it.

Bill Walton: Okay.

Seth Grove: Republicans and a very liberal Democrat, we sat down and said, "We've got to get a fix."

Seth Grove: Now, is it everything we necessarily wanted? No. But, it did a good job of shifting risk. We now have an optional defined contribution system in there. I don't have to argue benefit change on a 401(k) anymore. It's there. All we have to do is, at some date forward, just switch it off, make that be the plan, argument's done with.

Seth Grove: In DC, a big change like that, will it ever happen? I just saw, they were doing some work on Social Security and Medicare. The insolvency is coming up quicker and quicker. They've never dealt with those big, looming issues.

Bill Walton: I'm just speculating, but it seems to me that maybe it's easier, because you all think, "Well, we all live in Pennsylvania. This is a problem we all share."

Bill Walton: At the federal level, you say, "Well, that's California's problem," or, "That's Maine's..." Is there more of that, because it's all politics local that you can make things happen?

Seth Grove: I would say, the discussions in Pennsylvania aren't that different from the federal government. We could easily say, "That's Philadelphia's problem. That's Pittsburgh's problem." Even Pittsburgh and Philadelphia, Philadelphia's a first class city-

Bill Walton: Well, in Pennsylvania's case it is Philadelphia's problem.

Seth Grove: It is.

Bill Walton: They are the problem.

Seth Grove: In more ways than one, yeah. It's a similar conversation. But, you have to focus on that greater good. If you don't fix the pension system, we will go bankrupt.

Bill Walton: Okay.

Seth Grove: Those employees, you don't want Detroit to happen. It was-

Jon. Williams: That's right.

Seth Grove: ... egregious to see fire and police personnel who did great sacrifices, put their lives on the line every single day for the residence get pennies on the dollar of their pension return. It's not fair to them, and if you don't have the gumption to fix those issues now, the worst-case scenario will happen.

Jon. Williams: Because, imagine that. Imagine the headlines that we would see at a federal level if a liberal Democrat President like a Barack Obama would have signed Social Security reform into law with conservative Republicans in the House and Senate. That's basically what the parallel issue was in Pennsylvania, and that's what happened.

Jon. Williams: I do think that perhaps some of the parties are less dug in at the state level and a little bit more willing to come across the aisle and compromise when they see there's something existential-

Bill Walton: It seems that's right, yeah.

Jon. Williams: ... at the state level. I think it gets back partially to the issue that state legislators and local elected officials have to govern in every day reality. They don't deal with these issues that they can print money to solve or ignore balanced budget amendments in many cases. They actually have to deal with the dollars and cents issues every year.

Bill Walton: That's the reason for optimism about what's happening at the state level. How dependent are the states on the federal policies versus the local policies? How do they interrelate?

Seth Grove: It really depends on how your state's set up. Some states have really mitigated those federal mandates and federal dollars. I'm probably one of two probably Frank Ryan, a good colleague of mine-

Bill Walton: Frank Ryan of Pennsylvania.

Seth Grove: Yeah, Frank Ryan of Pennsylvania, a CPA, he's done turn-arounds of companies, phenomenal guy, I love him. We're probably the only two that pay attention on our comprehensive annual financial report, or CAFR. You have your budget, what you set as your prospective, what you're going to spend. CAFR is that, how did you do moving forward?

Seth Grove: I asked our budget office people some data. Some good, some bad, we've never balanced our budget between revenues and expenditures. We're about 98% of revenues to expenditures, so we've never truly balanced our budget.

Seth Grove: But, about 46% of our revenues is from intergovernmental transfers. A large majority of our budget comes from the federal government through unemployment compensation. Governor Wolf when he came into office fully implemented Obamacare, so we have billions and billions of dollars of federal dollars coming in that if they do federal changes the money is gone.

Seth Grove: I remember when we had the federal stimulus dollars come in. We did about a billion dollars in our education budget. That money went away, and people were screaming. It's one of the reasons Governor Corbett lost, because they blamed him for a billion dollars in education cuts when it was all federal pass-through dollars.

Jon. Williams: Yeah, this is a issue where I think is really an existential issue for federalism. In that if states don't begin to say no to the "free" federal dollars in Washington, this myth of the free money out there that they're taking whether it's Medicaid expansion under Obamacare, whether it's transportation dollars. There are so many ways that states are being coerced through federal support.

Jon. Williams: Which I think, the short answer to your question is states are way too dependent on federal support. Obviously, in an era of 20 plus trillion of national debt, how long can this support continue to the degree that it's going to stay? I think it's going to be just a matter of time between now, and when those dollars are cut back. Whether it's ... The last thing you'd want to do as an elected official, Seth, is to remove people from Medicaid rolls after they've been expanded, right?

Seth Grove: Yeah.

Jon. Williams: That would be the worst-case scenario from a political sense and certainly from a promise that was made that that was yanked back.

Jon. Williams: But, you look at something like transportation, for instance, Bill, and this is something I've spent a lot of time thinking about. Some of the reformers of the 1990s were really into the idea of devolving federal highway funds back to the state level and let states perhaps raise their own gas taxes, take care of their own transportation needs. Why is it that we have the interstate system created by Dwight Eisenhower that was supposed to be wrapped up at the federal level in the 1960s for federal involvement still run by the federal government?

Jon. Williams: Did you know that dollar one of federal support, it comes from Washington to the states on transportation projects requires what we say Davis-Bacon rules which is prevailing wage laws. When states have become right to work and repeal prevailing wage laws to become more affordable for construction on highways and school construction and things, the federal government now is putting those kind of costs on state and local governments that are getting less for what they should be getting out of those federal dollars.

Seth Grove: Or attaching policy particularly with federal dollars, we want your blood alcohol level for a drunk driving at a certain rate. We want you to do these safety enhancements, or you're going to jeopardize your federal dollars.

Seth Grove: Pennsylvania, when we had the House chairman of the transportation committee, we got more transportation dollars than what we paid in. We don't have the chairman of the transportation committee, and we're getting less transportation dollars these days.

Bill Walton: We're going to need to wrap up here, because we could probably go on for several days in terms of all the policies. I want to get out with a sense of again my thing is lines of action.

Bill Walton: First thing everybody should do is read Rich States, Poor States. If they're armed with that information, they can be better informed citizens of their state, and they can develop things they ought to ask the legislators to do. You buy that?

Seth Grove: Yes, absolutely.

Jon. Williams: I buy that totally.

Bill Walton: Yeah, well, that's the next thing. Where do we get a copy of this? Do we buy this, or do you give these out, or is this something available on Amazon?

Jon. Williams: Yes, you can go to ALEC.org-

Bill Walton: ALEC.org.

Jon. Williams: ... and you can download the entire PDF of not just the current edition but all 12 editions of Rich States, Poor States and see how your state's done over the years in this consistent way that we've measured states as well as read all-

Bill Walton: It's like all your-

Jon. Williams: ... the chapters.

Bill Walton: ... report cards back from fourth grade to-

Jon. Williams: That's right, exactly. Well, hopefully, a little bit more entertaining.

Seth Grove: For taxpayers and residents, I think it is a report card.

Bill Walton: I couldn't get on all the details on this, but it's extremely interesting.

Seth Grove: How are you holding your elected officials accountable for their actions? It's your economy. It's your money. It's your state.

Bill Walton: It would help you in your job if everybody digested what was in this-

Seth Grove: Absolutely.

Bill Walton: ... as it pertains to their state?

Seth Grove: Mm-hmm (affirmative). Mm-hmm (affirmative).

Bill Walton: Anything else?

Jon. Williams: Well, I think our dozen plus years of research, traveling the 50 states, working with state lawmakers, you can summarize our findings really perhaps in an oversimplified way, but you can summarize it in a sentence or so which is states should strive to be more like Texas and Florida and less like New York and California. We have two very distinct business models, if you will, across the states in these laboratories, and I think it's awfully clear that the freedom-oriented mindset is the mindset that's winning across the states.

Bill Walton: They wouldn't be chasing Amazon out of the Bronx?

Jon. Williams: Or, paying three to five times as much per job in New York as they did in Virginia to get those same number of jobs that were promised.

Bill Walton: Seth?

Seth Grove: I would completely agree with that. I think when you start diving into successful states versus non-successful states, you're going to see some very broad trend lines.

Bill Walton: Sure.

Seth Grove: That you can say, if we do this, we will reap success. But, if we do this, we will see failure in our state.

Seth Grove: Pennsylvania is one that kind of a middle of the road state. We're old Rust Belt. We could surpass Texas as an economic powerhouse in the world, if we got our act together, if we got our tax code right, and we made some of those reforms in that state. We could easily take them out.

Seth Grove: We have a greater supply of energy. We have a top-tier workforce. We have everything we need to be successful. We are a better location. We can reach probably 65% of the United States population within 24 hours.

Bill Walton: The takeaway is that there's so many things we could fix if we just were smarter about which laws we passed-

Seth Grove: Correct.

Bill Walton: ... and facing certain problems in real time.

Seth Grove: Correct.

Jon. Williams: The positive note of this is there are things that state lawmakers like Seth directly can control, and we've shown based on our years of research that states like Indiana, my home state of Michigan, North Carolina, you can turn it around in a fairly short period of time if you get policy levers correct and moving in the right direction.

Bill Walton: Okay, great. Seth Grove, Jonathan Williams, thank you very much. This has been-

Seth Grove: Thank you.

Bill Walton: ... incredibly interesting. I'll have you back next time when we can see how Pennsylvania's done getting its rating up from 37.

Seth Grove: I want Utah. I want to take out Utah.

Bill Walton: Okay, great.

Seth Grove: I think it would be phenomenal.

Bill Walton: All right, guys, thanks. Thanks for joining.

Kenny: Excellent.

Jon. Williams: All right.

Bill Walton: Okay.

Kenny: Super.

Jon. Williams: Good deal.

Seth Grove: It goes so fast.

Bill Walton: It does go fast, but we covered about-

Seth Grove: How long was that-

Bill Walton: ... 2%-

Seth Grove: ... 45 minutes?

Bill Walton: ... of what we could have done.

Jon. Williams: Yeah, I was going to say. I wasn't joking that we probably could get 10 shows easily.

Bill Walton: Well, we got litigation reform, we got cronyism, we got the federalism issue, we touched on that with the money.

Jon. Williams: Yeah, that's right. We touched on pensions which was good.

Bill Walton: Yeah.

Seth Grove: Pennsylvania's, honestly, our biggest problem is that Santa Claus approach of budgeting.

Bill Walton: But, isn't that true everywhere?

Seth Grove: Yeah.

Bill Walton: That's not, I didn't hear anything that was unique to Pennsylvania. I guess maybe, I think the homogeneity of a place like Utah, everybody's a Mormon, everybody's interests are, they see themselves as in the same boat.

Seth Grove: They care about the finances. For I guess it's, I don't know, if it's a very fun hobby, but I look at budget procedure acts of different states.

Bill Walton: No, that's not a very fun hobby.

Seth Grove: I was just looking at Utah's the other day-

Jon. Williams: That's incredible, isn't it?

Seth Grove: Yeah, their fiscal policy that's relayed in their laws dictates exactly what they do in success. They have a simple law in there that forbids them from doing just basically discretionary money. It has to be done by formula. It's just not throwing money out and buying votes.

Jon. Williams: I'll tell you what that Truth in Taxation Law of theirs-

Bill Walton: Kenny? How did-

Jon. Williams: ... has kept-

Bill Walton: ... we do on-

Jon. Williams: ... the counties-

Bill Walton: ... the opening? We okay?

Jon. Williams: ... in shape.

Bill Walton: We ought to do it again?

Speaker 3: I think you should, because you made a error when you said the-

Bill Walton: Okay.

Speaker 3: ... the newspaper, you said, "The New York..."

Kenny: Okay.

Speaker 3: [crosstalk 00:50:01]-

Bill Walton: I'll do it again.

Speaker 3: Okay.

Kenny: But, we can... You want to-

Bill Walton: Why don't you guys take off.

Kenny: ... let the guests go?

Bill Walton: Yeah, I'll do it after you guys-

Jon. Williams: Yeah.

Seth Grove: Yeah.

Bill Walton: ... go. Good point.

Bill Walton: I had a movie director in here. He directed Gettysburg and Gods and Generals, and we were doing a show on-

Jon. Williams: Huh.

Seth Grove: Whoo.

Bill Walton: ... habitat.

Jon. Williams: Wow.

Seth Grove: Yeah.

Bill Walton: I got very, I'm sitting here thinking, "This guy has directed all these great actors, and here I am with my teleprompter." It was...

Jon. Williams: A little nervous? He gets in here, and it's like, "Oh gosh."

Bill Walton: I was. It went okay. It was pretty funny.

Jon. Williams: Oh gosh. You must interview some really interesting people over the course of this show then.

Bill Walton: I do.

Jon. Williams: Yeah.

Bill Walton: Yeah. Yeah, it's eclectic, but we're going to have a show on in two weeks with a human rights activist in China. I've done a lot of shows on-

Seth Grove: Oh, wow.

Bill Walton: ... China.

Jon. Williams: Oh, is that right?

Bill Walton: She has been helping women in China, and she actually got an activist out of China, and he's this blind... He's blind, and he now has been moved here. We're going to have him on the show. We're going to talk about what we was doing.

Bill Walton: Of course, he doesn't speak English.

Jon. Williams: Oh, right

Bill Walton: We're going need an interpreter.

Jon. Williams: A translator.

Seth Grove: An interpreter, wow.

Bill Walton: I don't know. We'll-

Seth Grove: That should be fun.

Jon. Williams: Wow.

Bill Walton: We'll end up-

Jon. Williams: How's Attorney General Meese doing by the way? I know he's getting up there. Gosh, he's got to be, what, mid 80s at this point?

Speaker 3: Late 80s.

Bill Walton: His body's 88, his mind is 28.

Jon. Williams: His answers were incredibly good.

Bill Walton: Aren't they good?

Jon. Williams: Oh my gosh, when I was listening to that the other day, yeah.

Bill Walton: I felt terrible that he was coming down the steps trying to get down without his cane.

Jon. Williams: Oh, right.

Bill Walton: That was rough.

Jon. Williams: Well, he was at CNP I remember seeing him there-

Bill Walton: He'll be there.

Jon. Williams: ... with a cane, yeah.

Bill Walton: He's a road warrior. He gets everywhere.

Jon. Williams: That's incredible. One of the nicest guys in the business too. I remember one of my first time's ever going to a conservative type thing in college, I went down to Philadelphia Society, and he was there and introduced himself at a cocktail reception, and I was like, "Oh my gosh, this is Ed Meese," and he was just coming up and saying hello to college kids.

Seth Grove: That's awesome. I love real people like that.

Bill Walton: Well, guys, we're good. Thank you.

Jon. Williams: Well, thank you.

Seth Grove: Thank you.

Jon. Williams: Yeah.

Seth Grove: Yeah.

Jon. Williams: Glad this worked out.

Seth Grove: It was fun.

Bill Walton: I got to do this again.

Speaker 3: Oh, wait, wait. Wait, we have one more thing just-

Speaker 6: Should we do [inaudible] here or here?

Jon. Williams: Absolutely.

Bill Walton: Are we good?

Speaker 3: Just do it here.

Bill Walton: All right, so we'll have you back.

Jon. Williams: That sounds like a plan.

Speaker 3: We have one more-

Jon. Williams: I'll make sure-

Speaker 6: We have one more request.

Jon. Williams: ... I get you the brand new copy and hard copy. I realized I didn't have one in the car, but I'll send you one in the mail.

Speaker 6: It's April-

Bill Walton: Now, presumably-

Speaker 3: April 25th.

Bill Walton: ... what we just did today will be helpful to you in getting word out to people-

Jon. Williams: Oh, absolutely.

Bill Walton: ... about this.

Seth Grove: Yeah, absolutely.

Bill Walton: You can use it as well. That's sort of the idea is to get people networks, and this is-

Speaker 6: Okay.

Bill Walton: ... a brochure-

Speaker 6: We didn't-

Jon. Williams: Oh, that would be great.

Speaker 6: We didn't start this right away. But, we're starting having people-

Jon. Williams: Oh.

Speaker 6: ... sign-

Jon. Williams: All right-

Speaker 6: ... so we-

Jon. Williams: ... great.

Speaker 6: ... can see what they did and turn the page.

Jon. Williams: Okay, perfect. Great, I can follow General Meese.

Seth Grove: I love Meese. I do PCN Live, usually there's a Democrat counterpart. They try to make it a talking point hit piece. I tell them beforehand, I'm like, "Listen, this is our, we have now ability to go educate people on the issues. I'm not interested in having a talking point debate with you. Let's dive in and give people some background information and dive deep into the policy stuff. Let's actually provide them an education of what's happening and try to be as non-partisan as we possibly can.

Bill Walton: That's sort of what I'm trying to do here. Sometimes, I didn't do as much today. I sometimes ask devil advocate question, trying to be the other side. But, usually we get somebody on who's dug in on the left and dug in on the right. They just talk past each other. It ends up ad hominem.

Seth Grove: Yeah.

Bill Walton: You're not making... I figured the way to educate people is more something like this-

Seth Grove: Yeah, absolutely.

Bill Walton: ... where you're going to get the undiluted version of-

Seth Grove: You're going to get more out of it.

Bill Walton: Yup.

Seth Grove: All around.

Bill Walton: All right, so, I've got to go do some more work here. Are we going to get the light back on and go? All right.

Jon. Williams: Very good. Good to meet you in person.

Speaker 3: It was good to meet-

Bill Walton: Let me walk you out.

Speaker 3: ... you too.

Speaker 6: It was really interesting. Thank you for coming.

Jon. Williams: Absolutely, yeah, this was great. You guys have a great setup here.

Speaker 6: It was, and actually, I was very interested in how Pennsylvania, and how they were fudging numbers.

Jon. Williams: Oh, yes.

Speaker 6: That was kind of interesting.

Seth Grove: Oh, it happens all the time.

Jon. Williams: You could do a show just on that.

Speaker 6: I was like, "Oh."

Seth Grove: That's just a small part. Believe me. Oh, you have a constitutional amendment to balance your budget. Okay, yeah. One second of one day, then it can be completely out of balance. As long as you have your revenue estimate that matches what you want to do, you can say, Oh, we think we're going to get another trillion dollars of income tax revenue this year. Just plug it in there.

Speaker 6: It looks good.

Seth Grove: It looks good. We're batched.

Jon. Williams: The good thing about Pennsylvania though is whenever they feel bad about themselves, they can just compare themselves to New Jersey, and they feel a whole lot better.

Seth Grove: I know that's... At least, we're not New Jersey.

Bill Walton: Oh, yeah, New Jersey.

Speaker 6: Yeah.

Seth Grove: I was literally in a debate with Phil Murphy, the new governor, at [inaudible] finance last week or the week before.

Speaker 6: Okay, you just go like this.

Seth Grove: He was trying to tell the [crosstalk 00:55:14]-

Speaker 6: Yeah, see-

Seth Grove: ... guy-

Speaker 6: ... there's a line-

Seth Grove: ... that they were doing-

Speaker 6: ... down here.

Seth Grove: ... the right thing-

Speaker 6: ... when you do that [crosstalk 00:55:14].

Seth Grove: ... by making 70% of the required pension payment. I was like, "You realize by making 70%-

Jon. Williams: Thank you so much.

Seth Grove: ... of your required payment you're falling further behind on your pensions." He was trying to say, "No, we're doing such a great job-

Bill Walton: He's doing such a great job.

Seth Grove: ... with 70%.

Bill Walton: Yeah.

Seth Grove: That's ridiculous. But, all right. Well, thank you, my friend.

Bill Walton: Okay, great. [crosstalk 00:55:31]-

Jon. Williams: Thanks, everyone, appreciate it.

Bill Walton: You too. More to come.

Seth Grove: Oh, yes, absolutely. We'll make sure we share this around [crosstalk 00:55:31]-

Jon. Williams: Thank you so much.

Speaker 3: Oh, thank you. It was great.

Seth Grove: I know he'll love it.

Kenny: Yeah, that's a wide shot.

Bill Walton: Okay.

Kenny: It's really there just for flavor.

Bill Walton: All right, Seth, thank you.

Seth Grove: Thank you, Bill. Appreciate it.

Jon. Williams: It was all perfect.

Seth Grove: Driving out to your home, it's very beautiful.

Jon. Williams: It is a beautiful spot.

Speaker 7: Are the three cameras-

Jon. Williams: I can't say I've ever recorded-

Speaker 7: ... pretty much-

Jon. Williams: ... an interview inside a speakeasy before.

Seth Grove: Yeah.

Speaker 7: ... head and shoulders?

Kenny: Yeah, well, what we do, yeah, it is. Yeah, actually I was-