

America's Best and Worst Governors

October 7, 2020

Dan Mitchell

According to the Fraser Institute's calculations of overall economic freedom, Delaware apparently has the worst politicians and New Hampshire has the best ones.

According to comprehensive estimates of economic liberty in *Freedom in the 50 States*, New York's politicians seem to be the worst and Florida's are the best.

But what if we focus just on fiscal policy?

Earlier this year, I wrote three columns that illustrated different ways – income taxes, sales taxes, and government spending burden – of measuring the quality of state fiscal policy.

Today, let's look at a comprehensive assessment of the nation's governors, courtesy of Chris Edwards. Here's his core methodology.

...this year's 15th biennial fiscal report card on the governors...examines state budget actions since 2018. It uses statistical data to grade the governors on their tax and spending records—governors who have restrained taxes and spending receive higher grades, while those who have substantially increased taxes and spending receive lower grades. ...Scores ranging from 0 to 100 were calculated for each governor on the basis of seven tax and spending variables. Scores closer to 100 indicate governors who favored smaller-government policies.

Only four governors got the highest grade (and that's using a curve!), led by Chris Sununu of New Hampshire.

State	Governor	Score	Grade
New Hampshire	Chris Sununu (R)	75	A
Iowa	Kim Reynolds (R)	71	A
Nebraska	Pete Ricketts (R)	70	A
Wyoming	Mark Gordon (R)	66	A

Those of you who follow politics may be interested in knowing that Kristi Noem (R-SD) and Ron DeSantis (R-FL), both potential presidential candidates in 2024, got "B" grades. So good, but not great.

Now let's look at the most profligate chief executives.

The worst of the worst is Jay Inslee of Washington. So however bad Biden's agenda is for the country, let's be happy that Governor Inslee didn't win the Democratic presidential nomination.

State	Governor	Score	Grade
Virginia	Ralph Northam (D)	39	F
New York	Andrew Cuomo (D)	39	F
Michigan	Gretchen Whitmer (D)	39	F
New Jersey	Phil Murphy (D)	32	F
Illinois	J. B. Pritzker (D)	30	F
Oregon	Kate Brown (D)	29	F
Washington	Jay Inslee (D)	18	F

I'm not surprised by the other "F" governors. Though I am surprised that Gov. Pritzker isn't in last place, given his efforts to get rid of the the Illinois flat tax.

For what it's worth, the best-ranked Democrat (a "B" grade) is Steve Sisolak of Nevada. I assume this means he hasn't tried to ruin the state's zero-income-tax status. The worst-ranked Republican (a "D" grade) is Bill Lee of Tennessee and his bad score is because of huge increases in the state spending burden.

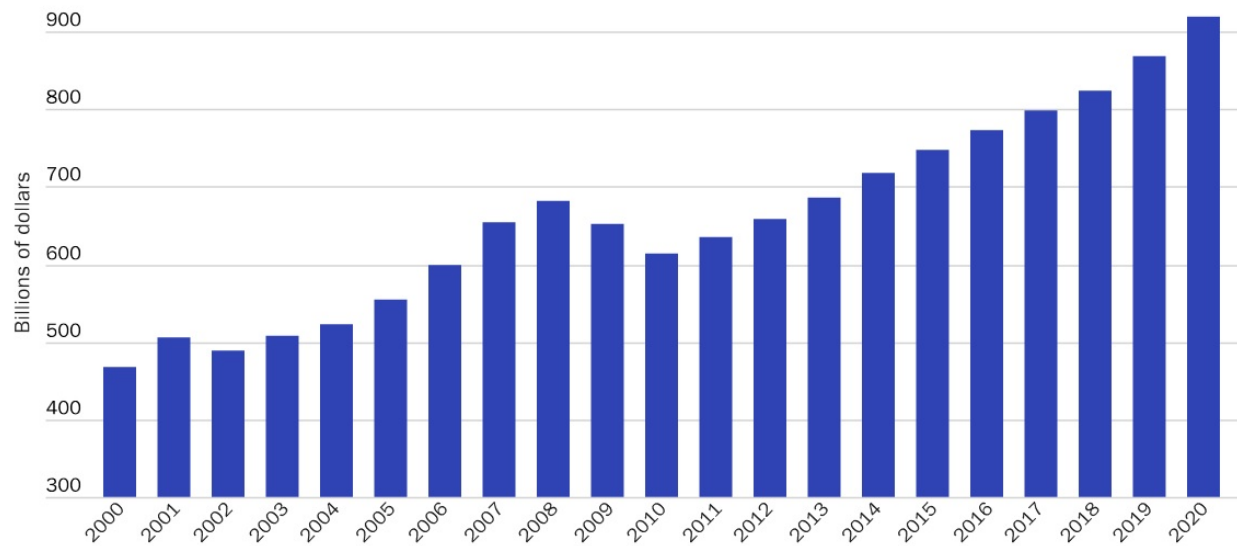
Last but not least, Chris identifies a systemic problem impacting almost all states. Simply stated, government spending has been growing too rapidly, more than double what would be needed to keep pace with inflation.

General fund spending grew at an annual average rate of 4.1 percent between 2010 and 2020, including increases of 5.5 percent in 2019 and 5.8 percent in 2020.

Here's the accompanying chart.

Figure 1

State general fund spending



Source: National Association of State Budget Officers, "Fiscal Survey of the States," Spring 2020. Fiscal years.

In the study, Chris says states should use "rainy day funds" to avoid boom-and-bust budgeting (in other words, set aside some revenue when the economy is growing so it's not necessary to make big adjustments when there's a recession).

That's definitely a prudent approach, and the study points out that some blue-leaning states like California follow that policy, while others (most notably, Illinois) recklessly spent surplus revenue.

My two cents is that a spending cap is the best long-run solution, and Colorado's TABOR is easily the best fiscal rule among the 50 states.

P.S. Governor Sununu of New Hampshire needs to continue getting good scores to atone for his father's terrible role, as Chief of Staff for George H.W. Bush, in pushing through the failed 1990 tax increase.