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Veritas

A PUBLICATION OF THE TEXAS PUBLIC POLICY FOUNDATION



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Veritas

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Veritas

Veritas is a publication of the Texas Public Policy Foundation, a 501(c)3 non-profit, non-partisan research institute. The Foundation's mission is to promote and defend liberty, personal responsibility, and free enterprise in Texas and the nation by educating and affecting policymakers and the Texas public policy debate with academically sound research and outreach. Our goal is to lead the nation in public policy issues by using Texas as a model for reform.

PRESIDENT'S MESSAGE



As the regular session of the 82nd Texas Legislature closes, I want to update you on the legislative accomplishments of the Texas Public Policy Foundation. Our scholars and our allies did great things for liberty and limited government in this session, with the help of supporters like you.

At the beginning of this legislative session, TPPF issued our *Keeping Texas Competitive* agenda, setting forth a vision of a Texas oriented ever more toward the pro-growth, pro-liberty, and pro-business policies that have made our state prosper even in tough times.

I am privileged to report to you that we accomplished a significant part of that agenda.

From conceiving of the groundbreaking interstate compacts in health care and environmental regulation, to crafting effective strategies on criminal justice reform, and calling for more efficiency and transparency in higher education institutions, the Foundation has played a significant role in advocating for public policy solutions that will keep Texas on a course of greater freedom and prosperity long after the end of this 82nd Legislative Session.

The work of this Legislature is not finished, of course: as I write this, a special session is in progress to address pressing matters on school finance that must be resolved for the business of the state to continue. As always, we will monitor the debate closely, and weigh in where we may. The fight for liberty is never over—not even in a Texas summer!

Nevertheless, we may take pride in what we have already done, with your generous support, in the past five months.

The Texas Public Policy Foundation fought hard for principled, effective, and restrained government during the 82nd Legislature. We achieved what we did because we have some of the finest policy minds in the nation—and some of the savviest policymaking minds in the state.

There's another reason we achieved what we did: you. Your support, your enthusiasm, and your ideas were the indispensable elements in securing the session's victories. As this Legislature comes to its end, we've made Texas a better place. But it never would have happened without you. From keeping the lights on, to inspiring our scholars with new ideas and insights, it is your support, and the support of your fellow liberty-loving Texans, that is the bedrock of our every effort.

Therefore: thank you. With your continued help, liberty will prevail in the Lone Star State and by extension, our country.

For freedom,

A handwritten signature in black ink that reads "Brooke Rollins".

Brooke Rollins
President and CEO

A hand holding a piggy bank filled with coins, surrounded by US dollar bills. The image is overlaid with a blue tint. The piggy bank is in the center, overflowing with various coins. The hand is holding it from the top. Several US dollar bills are scattered around the piggy bank, some partially visible. The background is a blurred image of more money.

Breaking the Bank!

Public Pension Payouts and the Public Policy Debate

by Jordan Brownwood

Not too long ago, talk of public pensions induced yawns rather than serious public policy debate.

But with each new analysis documenting the imminent threat these retirement plans' unfunded liabilities pose to state and local governments' finances, the discussion heats up.

Historically, the public sector used the promise of a comfortable retirement as a way to draw skilled workers away from higher-paying private sector jobs. Lucrative retirement benefits and ironclad job security made up for the lower wages.

Now, with the wage gap between the two sectors closing, excessive retirement benefits are unnecessary.

As governments continue to fall short of their overly optimistic 8 percent projected rates of return, declining funding ratios will result in more taxpayer money being allocated to pensions at the expense of more critical government services.

Texas estimates its total unfunded pension liability to be around \$30 billion, which will continue to grow without drastic reform. However, Joshua Rauh of Northwestern University estimates that, when using more realistic accounting practices, the unfunded liabilities are closer to \$181 billion—514 percent of annual tax revenue.

During the past several years, state and municipal pension systems have implemented changes in the hopes of reigning in balloon-

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According to the U.S. Bureau of Labor Statistics, the average state or local government employee in Texas earned an annual salary of \$40,024 in 2010, while workers in the private sector earned \$39,832. With government workers now reaping more compensation than their private sector counterparts, taxpayers can no longer afford to subsidize generous retirements.

In Texas, the aggregate funding ratio for public pension funds have dropped to 83 percent, down from 103.6 percent in 1999 and just 3 percent above what is considered ac-

ing liabilities. Modifications like an increased minimum retirement age and readjusted benefit calculations have bought some time for the plans, but in no way have they gone far enough to keep long-term costs at bay.

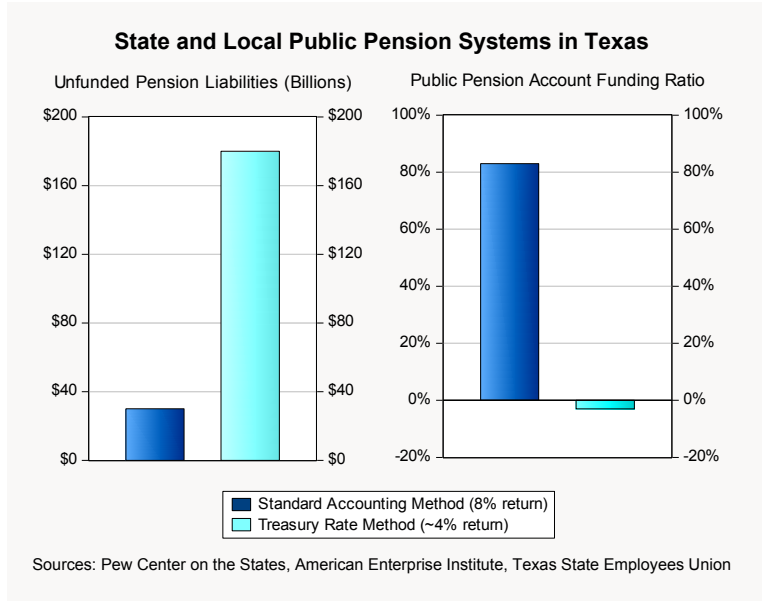
Much more significant pension reform will be needed in order to retain solvency and keep the state's pension systems above water.

Public sector defined-benefit pension plans—retirement packages that promise retirees a set monthly income based on an employee's salary history and years of service—are

continued >>

entitlements that transfer wealth from workers in the private sector to public sector retirees.

When pension funds fall short of their expected return rates (the case for the past several years), governments must eventually fill the gap by either increasing taxes or reallocating existing revenue. With public sector workers now making more than workers in the private sector, poorer taxpayers end up subsidizing generally wealthier government retirees.



To significantly reduce the rising expenses of defined benefit pensions and ensure a more equitable public retirement system, the following steps should be taken:

- 1 Freeze the current defined benefit pension plan for all new and unvested employees.
- 2 Enroll newly hired or unvested employees in a 401(k)-style defined contribution pension plan.
- 3 Implement either a hard or soft freeze of the system for vested employees.

4 Replace current retiree health care plans with Health Savings Accounts (HSAs).

A move from a defined benefit to a defined contribution pension system would save state and local governments considerable money over the long term.

These changes would not only shield Texas from an inevitable public pension cost explosion, they would align public sector benefits with those in the private sector and create a more just retirement system. ★



Jordan Brownwood joined the Texas Public Policy Foundation as a research associate for Texas Budget Source in November 2010. His research focuses on pension reform and increasing government transparency. Prior to joining TBS, Jordan interned with the California Senate Rules Committee, where he researched gubernatorial appointees and analyzed fiscal issues within the state. Jordan was born and raised in San Diego, California, and attended San Francisco State University, receiving a Bachelor's degree in environmental policy.



10TH ANNUAL POLICY ORIENTATION FOR THE TEXAS LEGISLATURE & Visionaries Meeting

Once again, the course of the legislative session was mapped out before session began by the Texas Public Policy Foundation's *Policy Orientation for the Texas Legislature*. If you were unable to attend the 2011 *Policy Orientation*, you missed some of the most critical policy debates of the year.

Don't miss your opportunity to sponsor and attend the 10th Annual *Policy Orientation* and *Visionaries Meeting*, to be held January 12-13, 2012 in downtown Austin at the Hilton hotel.

Sponsorship opportunities are currently available. Please contact Shari Hanrahan, Vice President of Outreach at shanrahan@texaspolicy.com or (512) 472-2700 for details.

Contribute to the Texas Public Policy Foundation today!

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JANUARY 13 & 14, 2011

9TH ANNUAL POLICY ORIENTATION FOR THE TEXAS LEGISLATURE

What do you get when you combine the resources of Texas' premier free market research organization, more than 50 state legislators, and one and one-half jam-packed days of expert panelists and high-profile luminaries?

You get the state's largest and most effective free market policy event—the Texas Public Policy Foundation's 9th annual Policy Orientation for the Texas Legislature.

Hosted by the Foundation every January in order to infuse free market principles in the debates and issues of the day, Policy Orientation is the state's premier policy event. On January 13th and 14th, more than 700 attendees and 75 elected officials attended this two-day session, which included 12 discussion panels on crucial issues in our state, nationally-acclaimed keynote speakers, and informative plenary sessions.

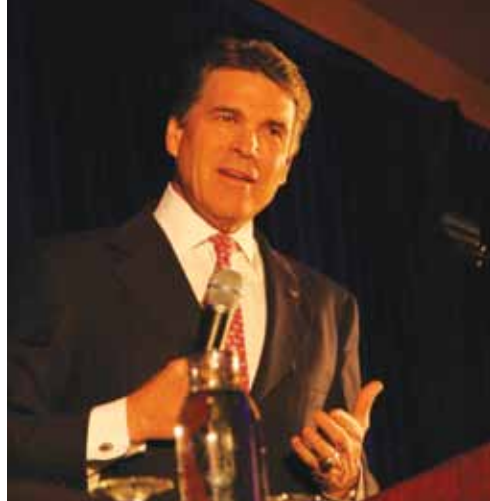
Policy Orientation brings together experts, lawmakers, scholars, media, and the public to provide unique perspectives on a variety

of policy issues that are critical to advancing freedom, liberty, and greater prosperity for all.

The session kicked off with a vibrant debate entitled "Drawing a Line in the Sand: Federalism and the 10th Amendment." In stark contrast to Center for Public Policy Priorities Executive Director Scott McCown, former Texas Solicitor General Ted Cruz extolled the virtues and benefits of federalism and a re-balancing of power between the states and federal government.

Following the high-energy debate, keynote speaker Governor Rick Perry addressed the audience, underscoring the many ways in which Texas has prospered through the application of free market principles. He applauded the Texas Public Policy Foundation for providing policymakers with the research and resources they need to make principled, pro-growth decisions.

Over the course of the day, policymakers heard from expert panelists and speakers on various topics affecting the well-being of

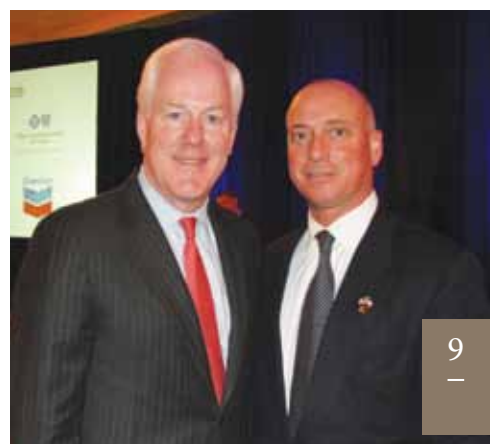


An attendee asks a question of the panel experts during one of the many standing-room-only breakout sessions of the 9th Annual Policy Orientation at the Hilton Downtown Austin in January.

Texas, including pension reform, corrections policy, fiscal transparency, and deregulation of the electricity and telecommunications markets. U.S. Senator John Cornyn laid out the challenges and opportunities that freedom lovers will face with the new U.S. Congress, while also expressing his gratitude for the practical recommendations provided by the Texas Public Policy Foundation.

Day two of Policy Orientation began with a keynote speech by American Enterprise Institute President Arthur C. Brooks. The Texas Public Policy Foundation strongly recommends you read his newest book, *The Battle: How the Fight between Free Enterprise and Big Government Will Shape America's Future*. In it and in his speech to guests at Policy Orientation, Brooks described America's new culture war as one between those who believe in liberty and free markets, and those who put their faith in more and more government control. The Texas Public Policy Foundation, through our Policy Orientation and many other activities, is clear in its stance. We are prominently on the side of free enterprise, fighting for the ideas and principles that create prosperity and peace.

continued >>



TOP: Governor Rick Perry explains to a sold-out audience his agenda for the 82nd Legislative Session.

MIDDLE: Center for Fiscal Policy Director The Honorable Talmadge Heflin visits with Lt. Gov. David Dewhurst at the reception following his keynote address.

BOTTOM: U.S. Senator John Cornyn (TX) talks with a conference attendee after providing the audience with a legislative update from Capitol Hill.

...the premier policy

Leading up to our final luncheon keynotes, attendees heard from even more expert panelists on the topics of cost-efficiency in public schools, energy policy, opting out of Medicaid, and the effects of border violence on the Texas economy. As the latter topic is on the minds of many Texans, that discussion was particularly vibrant and informative.

We were very fortunate to host Steve Moore as our luncheon keynote speaker. Moore is Editor and Senior Economics Writer at *The Wall Street Journal*, and a frequent guest commentator on Fox News. He is an expert on tax and budget issues, and enlightened us all on just how much debt our country has accumulated and the dire consequences that will result from it.

But it wasn't all doom and gloom. Moore applauded Texas and the Texas Public Policy Foundation for maintaining two important policies: being a right to work state, and not having a personal income tax. Across the country, states are attempting to mimic the "Texas way." Newly elected Governor of Florida Rick Scott has proclaimed that his state will do what Texas did, but do it better. We welcome the challenge.

At Policy Orientation, the Foundation also distributed a comprehensive agenda for the Texas Legislature to ensure that Texas stays competitive and continues to beat out states like Florida in terms of economic growth and increased prosperity.



10

Sen. Dan Patrick (R) makes a point as part of the "Making the Textbook Case for More Cost-Effective Schools" panel.



Steve Moore, Editorial Board Member and Senior Economics Writer at *The Wall Street Journal*, shares his perspective on Texas as a model of reform.

event of the year

Entitled *Keeping Texas Competitive: An Agenda for Prosperity and Growth*, the plan calls for specific actions under four main areas: reducing Texas' tax and spending burden, standing up against federal overreach, improving educational quality for Texas students, and fostering a free market economy.

The important impact of Policy Orientation, and publications such as *Keeping Texas Competitive*, would not be possible without the generous support of freedom lovers like you. We hope you will continue to support Policy Orientation and the work of the Texas Public Policy Foundation. ★

Sponsorships are now available for the 10th Annual *Policy Orientation for the Texas Legislature* taking place January 12 and 13, 2012 at the Hilton Downtown Austin.

Please contact Shari Hanrahan, Vice President of Outreach at shanrahan@texaspolicy.com or (512) 472-2700 for details.



TPPF Executive Director The Honorable Arlene Wohl gemuth with Health & Human Services Commissioner Tom Suehs.



TPPF President Brooke Rollins introduces former Texas Solicitor General The Honorable Ted Cruz prior to the 10th Amendment debate.



American Enterprise Institute President Arthur Brooks explains why free enterprise is critical for economic prosperity at the VIP breakfast.



EPA's Five-Year Economic Plan

by KATHLEEN HARTNETT WHITE

The Wall Street Journal of March 4, 2011 characterized the last two years as “an EPA regulatory spree unprecedented in U.S. history.” Over most of its 40-year history, EPA has strengthened environmental standards in a relatively incremental manner, allowing some balance between environmental goals and economic reality. Huge reductions in pollutants potentially impacting human health have been achieved. EPA under President Obama, however, is rolling out rules in unprecedented speed, number, scope, stringency, and cost, but with marginal environmental benefits.

EPA's rushed greenhouse gas (GHG) initiative of 2010 gets most of the headlines. But the GHG initiative is only one of at least 30 major EPA regulatory projects adopted, proposed, or planned in the last two years. EPA labels a rule "major" when regulatory compliance costs more than \$100 million. Most of the major rules on EPA's current docket have multi-billion dollar costs, even by EPA's typical lowball estimates.

EPA's recent rules under the Obama administration evoke strong opposition not only from business but now also from organized labor. The United Mine Workers told EPA that only two of the mega-rules aimed at coal-fired power plants could lead to the loss of 250,000 jobs. Any one of these major rules would impose chilling costs and restraints on manufacturing, refining, or electrical generation. The combined effects of these major rules—all to become effective from 2012-2015—augur grave job and GDP loss in the manufacturing and industrial sector, huge capital expenditures approaching the trillion dollar range, higher electric rates, and less reliable electricity. The cumulative economic impact of these many overlapping EPA rules is impossible to predict right now, but the depressing effects on business investment and job creation are already felt.

The cost of compliance with EPA's regulatory universe is already astronomical. Consider that Texas coal-fired power plants spent roughly \$16 billion on environmental controls from 1970-2010. Estimates of the cost to comply, if technologically possible, with EPA's new rules look like an additional \$20 billion for Texas alone.

A study by the National Electric Reliability Council (NERC) concluded that the aggregate results of only four new EPA rules could force premature retirement of 40-70 gigawatts (GW) of electric generation, decreasing reserve margins and increasing outages by 2015. Three other studies found far higher risk of loss—of up to 100 GW by 2015.

Running to thousands of pages in the Federal Register, EPA rules are designed by credentialed experts in the vast bureaucracy that is EPA. Highly technical and turgid, the title of many EPA regulations can cover four lines of print in agency jargon that is impenetrable to nearly all Americans. At the risk of occasioning migraines, narcolepsy, or a tantrum, we briefly consider only nine of the mega-rules that President Obama's EPA has dropped in the hopper over the last two years.

1. GHG Regulation Under the Clean Air Act (CAA)

EPA's GHG initiative consists of six rules rushed over 12 months to an automatically effective date of January 2, 2011. To reach this date, EPA ran roughshod over basic restraints of the Administrative Procedures Act and rewrote the black letter language of the CAA. Because EPA concluded that regulation of GHG under the CAA would be absurd—increasing a current permitting universe of 12,000 to 6 million—EPA "tailored" the law to cover only large sources. EPA didn't even bother to estimate the costs involved because the agency deemed its "tailoring" to be a unanimous "deregulatory" action. These initial rules are only the first phase of what ultimately would be mandatory regulatory reduction of 80 percent of carbon dioxide.

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Constrained by the Texas constitution's non-delegation doctrine, Texas refused to comply with EPA's automatic effective dates. EPA responded with an immediate revocation of the state's permitting authority, a commanding action never before taken by EPA. Texas and over 20 states challenged EPA's GHG rules in federal court. The American Council of Capital Formation estimates this first phase of EPA GHG regulation will decrease business investment in America in 2011 between \$97-290 billion. Much of that capital investment, and the businesses and jobs they would have created, will now move overseas to places without environmental constraints.

2. New National Ambient Air Quality Standards (NAAQS) for Ozone

The federal ozone standards have cost business, state, and local government far more than any other EPA regulatory program. As soon as states approach one standard, EPA strengthens the standard. Each time the goalposts get moved, the scientific justification gets flimsier and flimsier. In January 2010, EPA reversed the ozone standard adopted less than two years earlier by reinterpreting existing data. EPA's proposal for a standard as low as 60-70 parts per billion would increase the number of federally shackled non-attainment counties from 85 currently to as many as 650 of this country's 3,000 counties. Unions for Jobs and the Environment commented that the proposed standard "would lead to significant job losses during a period of high unemployment." EPA estimated implementation costs up to \$90 billion.

3. New Particulate Matter (PM) NAAQS

At enormous expense, EPA may regulate country dust—now called "coarse particulate matter." EPA has long regulated PM 10 (particles of 10 microns or less) as a criteria pollutant but exempted country dust until a standard change in 2006 that also included a standard for fine particulate matter (particles of 2.4 microns or less). As EPA begins to formulate a heightened federal standard, it looks like public health will demand paving every country road in the United States.

4. Maximum Achievable Control Technology (MACT) for Industrial Boilers

The four inter-related rules under this heading may be the job-killing whopper among all EPA's rules. Adopted in February 2011 with minor cost-saving modifications, the regulation imposes the most stringent emission limits and monitoring requirements on 200,000 boilers and heaters used by industries, manufacturers, mining, and refining, as well as commercial boilers in malls, laundries, apartments, restaurants, hotels, hospitals, and universities.

In contrast to emission controls based on Best Available Commercial Technology—or well-established technology—the new EPA rule dictates the "maximum" control technology supposedly based on the "best performing" units in existence. Yet, many of the businesses identified as the "best performing" claim they would be unable to meet the new regulatory limits.

5. Clean Air Transport Rule (CATR)

To control the interstate transport of emissions, the rule would impose aggressive limits on emissions from power plants in 32 eastern and southern states. Compliance dates begin as early as 2012. Originally adopted under the Bush administration as a kind of cap and trade system, the Obama EPA not only tightened the emission caps but also disallowed trading of the previously banked emission credits, rendering the utilities' billion dollar investments worthless. And so goes the mar-

cooling towers. The issue is ecological and does not affect human health. EPA is concerned with fish entrapment and thermal impacts.

7. Coal Combustion Residual Rule

If not already acquainted, meet fly ash, bottom ash, boiler slag, and synthetic gypsum—all valuable residuals after coal combustion. EPA proposed a rule in June 2010, but has not yet decided whether the fly ash remaining after coal-fired generation should continue to

Constrained by the Texas constitution's non-delegation doctrine, Texas refused to comply with EPA's automatic effective dates. EPA responded with an immediate revocation of the state's permitting authority, a commandeering action never before taken by EPA.

ket-oriented "trading" part of cap and trade. Many of the large power plants impacted—particularly in Texas—already have installed state-of-the-art emission controls. The new rule's even tighter limits may be unfeasible and will yield marginal benefits. Major utilities conclude the rule will force early, abrupt retirement of coal-fired power plants.

6. Power Plant Cooling Water Intake Structure (CWIS) Rule

EPA plans to require closed-cycle cooling for all steam-generating power plants to replace the cooling ponds and other site-specific facilities water now authorized by state agencies. EPA's new one-size-fits-all approach would cost an estimated \$64 billion, impact 444 plants or 30 percent of the existing U.S. electric generating capacity, and reduce net generation up to 4 percent. The new requirements would force major retrofits of those 444 plants and construction of elaborate

be recycled as a commercially valuable material in cement, road surfacing, and dry wall or whether EPA should mandate disposal as a solid or hazardous waste. Estimated compliance costs are approximately \$43 billion if EPA classifies as a solid waste and over \$80 billion as a hazardous waste. These costs do not reflect the lost revenue from sale of the residuals—a recycling that reduces electric rates, the purchase price of road and building materials, and waste disposal.

8. Power Plant Maximum Achievable Control Technology Standards for Hazardous Pollutants

Under a Consent Decree to finalize by November 2011, EPA recently proposed a 900-page rule to impose a wide range of stringent emission and operational limits. The rules will impact approximately 1,300 electric generating units and require a wide range of extremely expensive control technologies—if

continued >>

the heightened standards can be met. NERC conservatively estimates this rule could force premature retirement of 15 GW of U.S. generating capacity.

9. Portland Cement Kiln Maximum Achievable Control Technology (MACT) Standards

Essential to the economy, the U.S. cement industry competes with imported cement from China, which produces cement at far less cost and with far fewer, if any, environmental restraints. Finalized September 2010, EPA's harsh new dictates will bind 165 of

will have as the effective dates converge, in a massive regulatory avalanche over the next several years, is impossible to exaggerate. The American economy could lose hundreds of billions of dollars and perhaps hundreds of thousands of jobs. Electrical generation will be hamstrung, decreasing reliability and dramatically increasing prices.

Obama campaigned on the end of American exceptionalism abroad; but it appears that he also cares little about the exceptionalism of America's free market success at home. Texas will be disproportionately impacted, because

The magnitude of the impact that these rules will have as the effective dates converge ... is impossible to exaggerate. The American economy could lose hundreds of billions of dollars and perhaps hundreds of thousands of jobs. Electrical generation will be hamstrung, decreasing reliability and dramatically increasing prices.

the 181 Portland cement kilns operating in the U.S. Many in the cement industry argue that no cement kiln in the U.S. has ever actually achieved the level of control EPA now mandates as MACT. The Portland Cement Association finds that up to 18 plants may close, increasing the currently imported 20 million tons of cement from China to 48 million imported tons. Even EPA admits the rule will decrease U.S. cement production by 8-15 percent. This is an example of an EPA regulation that will not only cost enormous numbers of American workers their jobs, but which will actually be worse for the global environment in the long run, by moving industrial production to the countries that are the world's most profligate polluters.

Conclusion

The magnitude of the impact that these rules

it is now the industrial engine of America's economy. And all for what?

The EPA calculation of the health benefits of the new regulations is wholly speculative and pathetically hollow, the full story of which is beyond the scope of this review. In fact, EPA's master plan may leave the planet worse off in the long run: EPA regulations will drive much of America's business activity offshore, to countries that can't afford, and have little interest in, real environmental protection. Behind Obama's environmental agenda is either economic ignorance in extremis or a perverse determination to jeopardize the economic interests of disfavored industries. If these regulations aren't stopped from going into effect and EPA's enabling laws are not reformed, America will decline economically and thus environmentally.

Avalanche: When a Portion of the New EPA Rules Come in to Effect

2010	<ul style="list-style-type: none"> • Effluent Limitations: Non-numeric standards • GHG Climate: Endangerment Findings • GHG Climate: PSO Interpretation • GHG Tailoring Rule: Sources emitting at least 75k tpy CO₂ • GHG Tailoring Rule: New sources emitting 100k tpy CO₂
2011	<ul style="list-style-type: none"> • Industrial Boiler MACT • Chesapeake Bay TMDL • Tailoring Rule: Major Modifications Emitting 75k tpy CO₂ • NAAQS: Regional Haze • GHG Reporting: EGU/Stationary Combustion Emissions • GHG Reporting: CCS (Underground Injection Control) • Transport Rule (CAIR Replacement) • NAAQS: Particulate Matter • Utility MACT
2012	<ul style="list-style-type: none"> • Coal Combustion Residuals: Title D • Effluent Limitations: Numeric Standards • NAAQS: SOx/NOx (Welfare-Environmental Impacts) • GHG Reporting: SF₆ Emissions • GHG Reporting: CCS (Injection and Sequestration) • Transport Rule II (Ozone Standard) • 316(b) Cooling Water Intakes Phase 2-3 • Stormwater Rulemaking
2013	<ul style="list-style-type: none"> • Coal Combustion Residuals: Title C • PCB Reassessment of Use
2014	<ul style="list-style-type: none"> • NAAQS (SOx and Nox) • Transport Rule (FM Standard) • Steam Electric
2015	<ul style="list-style-type: none"> • NAAQS (Ozone)

Source: Environmental Protection Agency

The Armstrong Center for Energy and the Environment is dedicated to halting this avalanche of EPA regulations and the disaster it will bring to our economy. With the support of our committed donors, our team is working tirelessly to educate and inform legisla-

tors nationwide of the EPA's trajectory. We are equipping legislators with policy solutions and proactive strategies that will protect our economy and thus our environment. We face a formidable challenge, but we are confident we can make a difference. ★



Kathleen Hartnett White joined the Texas Public Policy Foundation in January 2008. She is a Distinguished Senior Fellow-in-Residence and Director of the Armstrong Center for Energy & the Environment. Prior to joining the Foundation, White served a six-year term as Chairman and Commissioner of the Texas Commission on Environmental Quality (TCEQ)—the second largest environmental regulatory agency in the world after the U.S. Environmental Protection Agency.



Launching The Laffer Center for Supply-Side Economics

April 18th, 2011

On April 18, 2011, the Texas Public Policy Foundation hosted a special lunch event honoring Dr. Arthur B. Laffer and celebrating the launch of The Laffer Center for Supply-Side Economics at the Texas Public Policy Foundation. More than 400 attendees from across the nation heard from Dr. Laffer himself, Governor Rick Perry, former U.S. Senator Phil Gramm, and former Congressman Kent Hance. Senator Gramm and Congressman Hance were instrumental allies ushering the Reagan plan through Congress in the early 1980s.

The Laffer Center for Supply-Side Economics at the Texas Public Policy Foundation is truly one of the most exciting developments in our 22-year history. The Foundation has enjoyed

working with Dr. Laffer many times over the last several years, beginning with “Thinking Economically,” a 10-part series on basic economics published in 2008, followed by a number of publications on everything from a comparison of the economic performance of California and Texas, the impact of stimulus funds on state budgets, and Obamacare, to a recent rebuttal to the state’s big government enthusiasts arguing against budget cuts. Each of these projects has combined Dr. Laffer’s sound research with his unique voice and easily understood explanations.

When Dr. Laffer approached the Foundation last year with the proposal for the Laffer Center, we agreed without hesitation. With more than 40 years of work as an academic economist and

teacher, an advisor to elected officials around the U.S. and the globe, and one of the leading figures of the supply-side revolution that ignited the greatest economic boom of our lifetimes, Dr. Laffer's work has had an extraordinary impact on millions of people. The task of preserving and promoting this work has never been more important as our nation and world look for economic ideas that can revitalize our economy and create new jobs, wealth, and opportunity today and in the years ahead.

To lead the Laffer Center's work, Mary Katherine Stout, the Foundation's former Vice President of Policy, returned to the Foundation in January after working as Governor Perry's budget and policy director since 2008. As Executive Director, Mary Katherine will steer the Center's ambitious research and outreach agenda. Dr. Laffer will continue to be involved in the Center that bears his name, authoring timely and original research on the economic issues of the day, and bringing his boundless energy and enthusiasm to the task of educating people about economic ideas.

For more information on the Laffer Center's work, please visit www.laffercenter.com. ★

TOP: Dr. Arthur Laffer greets his long-time friends, former U.S. Senator Phil Gramm and former U.S. Congressman and now Texas Tech Chancellor Kent Hance, who were instrumental in implementing the Reagan era tax cuts.

MIDDLE: Governor Perry gives a warm welcome to newly minted Texan, Kristina Keats. She and her husband, former Illinois Senator Roger Keats, left Illinois for the Lone Star State.

BOTTOM: Texas State Representative Lois Kolkhorst and Texas Attorney General Greg Abbott applaud Dr. Laffer's work.





2011 POLICY PRIMER SERIES SCHEDULE

The Texas Public Policy Foundation's Annual Policy Orientation for the Texas Legislature has been so well-received that we established the Policy Primer Series in 2005 to continue offering legislators and their staff non-partisan educational events throughout the year.

Primers are held in the Foundation's office with all legislators, legislative staff, elected leaders, media, and others who impact public policy invited to attend. Formats might include a panel, keynote speaker, or debate presentation by policy experts, committee chairs, and key members of the Legislature. The Policy Primer Series updates can be found on our website at www.texaspolicy.com or through an online subscription to our electronic newsletter, *Texas Public Policy News*.

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