

Winning Support for Market-Based Policies

The Foundation has made a significant impact on the lives of Texans by championing market-based solutions to our state's most pressing problems. During 2003, we aggressively marketed our research by engaging policy leaders, working with the news media, and communicating with community groups throughout the state. We articulated the issues, provided the information to support market-based policy and popularized ideas to strengthen public support for market-based reforms.

News Media: In 2003, the Foundation was featured in more than 600 newspaper articles and radio interviews around the state. The media publicized our activities and reports as breaking news, and sought us to provide insights on key policy issues. We were asked to provide background information when reporters delved deeply into issues. During the year we issued two press releases each month, on the average, and published commentaries at least once a month in newspapers throughout the state.

The Internet: To better serve legislators, donors and the public, the Foundation completely redesigned its website in 2003, and moved to a new domain, www.TexasPolicy.com. The new site is easy to navigate and is used by more than 10,000 visitors a month.

Presentations: Almost 100 community, political, and academic organizations across Texas invited us to share information about state policy problems and market-based solutions throughout the year.

Resource Center: The Foundation served as a primary resource for state policy in 2003. Legislative offices, both Republican and Democratic, contacted the Foundation to request in-depth information on a broad range of issues. We were invited to address graduate public policy programs in universities throughout the state, and our extensive body of research was frequently cited in academic publications. Our groundbreaking research was disseminated to free market public policy

groups throughout the nation and frequently distributed to legislative bodies in other states.

Recognizing Leadership: At the end of the 78th Legislative Session, the Texas Public Policy Foundation recognized elected officials who held the line on taxes and promoted free market ideas on important issues.

For commitment to the principles of liberty, good government and sound policy through their leadership during the 78th Legislature, the Foundation presented the Lone Star Leadership Award to Governor Rick Perry, Lt. Governor David Dewhurst, House Speaker Tom Craddick, state senators Ken Armbrister, Jane Nelson, and Florence Shapiro, and state representatives Dennis Bonnen, Dianne White Delisi, Kent Grusendorf, Talmadge Heflin, Mike Krusee, Kenny Marchant, Joe Nixon, and Arlene Wohlgemuth.

For actively promoting sound public policy during the 78th Legislature, the Foundation presented the Texas Hero Award to state representatives Carl Isett, Bill Keffer, Glenn Lewis, Larry Taylor, and Ron Wilson.

Policy Experts: We were pleased to provide Texas policy leaders with the free market expertise of leading national authorities on a wide range of issues.

William J. Bennett

(Distinguished Fellow, Heritage Foundation and Chairman, K12) - expert panelist for the Policy Orientation for the 78th Texas Legislature.

Wendell Cox

(Wendell Cox Consultancy and Visiting Professor, Conservatoire National des arts et Metiers) - expert panelist for the Policy Orientation for the 78th Texas Legislature and author of our report *The Business of Government?*

John Gardner

(Elected Member, Milwaukee School Board) - expert panelist for the Policy Orientation for the $78^{\rm th}$ Texas Legislature.

Eric Hanushek

(Professor of Economics, Hoover Institution, Stanford University) - expert panelist for the Policy Orientation for the 78th Texas Legislature and author of our report *Thinking about School Finance in Texas* in *Putting the Sides Together.* Dr. Hanushek was invited to provide testimony to the House Select Subcommittee on Public School Finance and testified in August 2003.

Caroline Minter Hoxby

(Professor of Economics, Harvard University) - expert panelist for the Policy Orientation for the 78th Texas Legislature and author of our report A New School Finance Plan for Texas in Putting the Sides Together.

Maurice P. McTigue, Q.S.O.

(Distinguished Visiting Scholar and Director of the Government Accountability Program, Mercatus Center, George Mason University) - expert panelist for the Policy Orientation for the 78th Texas Legislature and author of our report *Converting Challenges to Opportunities*.

Haavi Morreim

(Professor of Health Services & Policy Research, University of Tennessee and Heritage Foundation Fellow) - expert panelist for the Policy Orientation for the 78th Texas Legislature and author of our report *Defined Contribution Health Care Plans: Benefits for Consumers, Employers, Physicians and Insurance Companies.* Dr. Morreim was invited to provide testimony to the Select Committee on State Health Care Expenditures and testified in April 2003.

Dwight McNeill

(Visiting Scholar at Brandeis University) - expert panelist for the Policy Orientation for the 78th Texas Legislature and author of our report *Public School Health Insurance: Bane or Boon to Balancing the State Budget.* Dr. McNeill was invited to provide testimony to the House Health Care Task Force of the Texas Legislature and testified in February 2003.

Nina Owcharenko

(Policy Analyst, Heritage Foundation) - expert panelist for the Policy Orientation for the $78^{\rm th}$ Texas Legislature.

Alan Pisarski

(Chair, Committee on Transportation Statistics, National Academy of Science) - expert panelist for the Policy Orientation for the $78^{\rm th}$ Texas Legislature.

Nathaniel Shapo

(Former Director of the Illinois Department of Insurance) - expert panelist for the Policy Orientation for the 78th Texas Legislature and author of our report Shopping for a Solution: Effective Consumer Protection through Competitive Regulation of Insurance Rates. Dr. Shapo was invited to provide testimony to the House Committee on Insurance and testified in March 2003.

Fred Smith

(President, Competitive Enterprise Institute) - expert panelist for the Policy Orientation for the $78^{\rm th}$ Texas Legislature.

Richard Vedder

(Professor of Economics, Ohio University) - expert panelist for the Policy Orientation for the 78th Texas Legislature and author of our report *School Finance for Texans* in *Putting the Sides Together.* Dr. Vedder was invited to provide testimony to the House Committee on State Affairs, and the House Select Committee on Public School Finance and testified in April and August 2003.

Patrick Wolf

(Assistant Professor of Public Policy, Georgetown University) - expert panelist for the Policy Orientation for the 78^{th} Texas Legislature. Dr. Wolf was invited to provide testimony to the House Select Subcommittee on Public School Finance and testified in August 2003.





Other Publications

Texas Public Policy News

The latest research, views, and information are published by the Foundation bi-weekly in the electronic newsletter, *Texas Public Policy News*.

Veritas

Perspectives from leading experts around the state and nation on policy and culture are collected and published two to three times a year. *Veritas* is published as a booklet and distributed to supporters and state leaders; it is also available at www.TexasPolicy.com. In 2003, two issues of *Veritas* were produced.

The first issue of *Veritas* described views on the 78th Texas Legislature by the Governor and leaders of the Texas House and Senate: House Speaker Tom Craddick, Senate Education Chair Florence Shapiro, House Education Chair Kent Grusendorf, Civil Practices Chair Joe Nixon, Select House Health Care Expenditures Chair Dianne White Delisi, and freshman legislative leader Linda Harper-Brown.

The second issue of *Veritas* identified key issues for the upcoming 79th Texas Legislature by state and national policy experts: reforming Medicaid to control costs and improve quality, crafting a new state system of school finance, results-based budgeting to avoid tax increases, deregulating the telecommunications industry to improve consumer services, introducing vouchers to help children and public schools, and eliminating government activities that the private sector does better and cheaper.

Newspaper Commentaries

The Foundation regularly distributes commentaries on the issues of the day to Texas newspapers for their use on opinion/editorial pages.

Taxing Issue Is a Spending Problem, Texans cannot expect lower taxes and continue spending binge. (2/26/03).

Doing What It TAK[e]S for Educational Success?, Foundation had warned of problems and proposed solutions. (3/7/03).

Keep Texas Safely Truckin', Truck-only lanes will reduce congestion, save lives. (3/24/03).

Don't Let Senators Guard the Henhouse, Market, not more government, will protect insurance customers. (3/31/03).

Free-Spending Ways Must Be Restricted, Texas' budget woes result from poor choices, not poor economy. (4/25/03).

Texas' Critical Condition, Patients, doctors face risk without strong liability reform. (5/7/03).

Give Government a Cookie, Infringement of rail on private property should cause public concern. (5/10/03).

A Deal Is a Deal - This Tax Should Die, Purpose of TIF will soon be fulfilled, let Texans keep their money. (5/20/03).

Media Out of Fiscal Step, Legislators ignore media's advocacy of state income tax. (6/3/03).

Let the Texas Majority Rejoice! State leadership held the line against new taxes. (6/9/03).

Texans Want to Give Choice a Chance, School choice is supported across economic, political, race and gender lines. (7/1/03).

School Finance: Proceed with Caution, In zeal to end Robin Hood, legislators should be cautious not to create worse. (8/27/03).

Check with Your Doctor First!, Setting a cap on non-economic damages can cure Texas' medical crisis. (9/3/03).

The Business of Government?, When Texas governments compete with the private sector, the result is increased cost and diminished quality. (9/24/03).

Asbestos Litigation Making Us Sick, State policies are needed to protect people against lawsuit abuse. (9/29/03).

Murder and Rape: the Legacy of Our Schools?, Parents and children need choice to be safe instead of more promises of increased safety. (10/3/03).

Who Are the Uninsured?, Problems result when legislation is driven by headlines. (10/16/03).

Prop 12 Paying Off, The cost of medical care is going down with Proposition 12. (10/16/03).

Quality Must Drive Teaching Standards, Teacher certification must promote academic achievement. (11/5/03).

Doing More with Less, Reorganization of health and human services operations will benefit all Texans. (11/18/03).

Standard Is Set: No New Taxes, Legislature must restructure education system without increasing tax burden. (12/23/03).



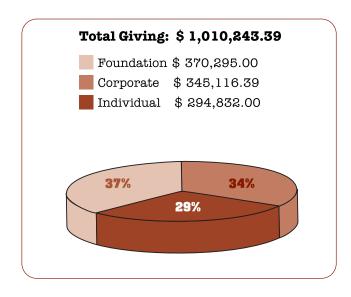
Finances

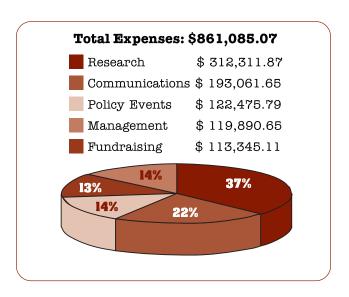
The Foundation is funded entirely by voluntary contributions from individuals, corporations, and foundations. We do not solicit and have never accepted government money or assistance in any form. To underwrite operational costs, we conduct formal fundraising activities and submit grant applications to state and national foundations. Seventy-three percent of the funding we received was invested in research and activities to disseminate the research; the remainder was invested in personnel and fundraising.

In 2003, hundreds of individuals, foundations and corporations expressed their confidence in the Foundation with their generous contributions.

"Any investment in the Texas Public Policy Foundation is a smart one... their impact on state policy is significant."

The Honorable Rob Eissler State Representative







Board of Directors

The Foundation is governed by a Board of Directors who are charged with the primary responsibility of ensuring the Foundation maintains fiscal integrity and sustains a strong commitment to its mission. The Board of Directors recruits new members and provides general direction to the Foundation's work. Fourteen individuals, generous with their time and devoted to state policy, served on the Board of Directors during 2003.

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"Agree with their conclusions or not, you can rest assured that research produced by the Texas Public Policy Foundation is intellectually honest and driven by a desire to improve Texas for all Texans."

The Honorable Tom Craddick Speaker of the Texas House of Representatives



Looking Forward to 2004

There is so much for the Foundation to accomplish in 2004. In truth, we have an unprecedented opportunity to help solve the state's biggest problems because, for the first time since Reconstruction, Texas is governed by a conservative majority. Many of the market-based ideas we have championed for the last 15 years can be implemented to solve fundamental problems that have plagued Texas for decades.

For 2004, we have a comprehensive, ambitious agenda to remove critical barriers to the health, prosperity and opportunity of all Texans, enlisting state and national experts to identify solutions and provide technical know-how to policymakers.

- In late January 2004, we will conduct our second annual Policy Orientation to help state leaders prepare for the special session on school finance and opening of the 79th Texas Legislature.
- Before the special legislative session, we will have unveiled four major school finance research projects: (1) examining the economic impact of different rates of state taxation on the industries conducting business in Texas; (2) identifying the adverse economic impact of tax reforms proposed to generate additional revenue for public schools; (3) examining whether public schools

need additional revenues or instead need more efficient, effective resource allocation; and (4) providing a computer program (econometric model) that policymakers can use in their offices and legislative chambers to calculate the short and long term economic impact of specific tax reforms.

- In December 2004, we will distribute *Legislators' Guide to the Issues 2004-2005*, a policy primer that will help policymakers identify key state issues and market-based solutions.
- Throughout 2004, we will produce and distribute 12 major research reports that will help policymakers rein in government regulation, reduce state spending, improve student outcomes in K-12 education, improve health insurance coverage for all Texans, deregulate the telecommunications industry to improve price and quality, head off the impending water crisis, and enhance the state's economic vitality by rejecting calls for new and higher taxes.

We ask for your support and look forward to working with you in 2004.

"TPPF is a credible source upon which the legislature depends in its decision-making. Materials from TPPF are always peer-reviewed and based on empirical data. This think tank is an indispensable resource for conservative, prudent politics."

The Honorable Dianne White Delisi State Representative



How to Become a Supporter

Yes! I want to help Texas policy leaders by funding the development of comprehensive research that addresses the state's most pressing issues. I am joining at the following annual level:

Chairman's Council

\$5,000 or more

- Invitations to teleconference discussions on upcoming research
- Invitations to private, intimate gatherings with scholars and policymakers
- Invitations to conferences, workshops, special events, and policy briefings
 - Personal invitations to dinners with VIPs and board members • Priority communication with the President and Chairman of the Board
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President's Council

- Invitations to private, intimate gatherings with scholars and policymakers
- Invitations to conferences, workshops, special events, and policy briefings
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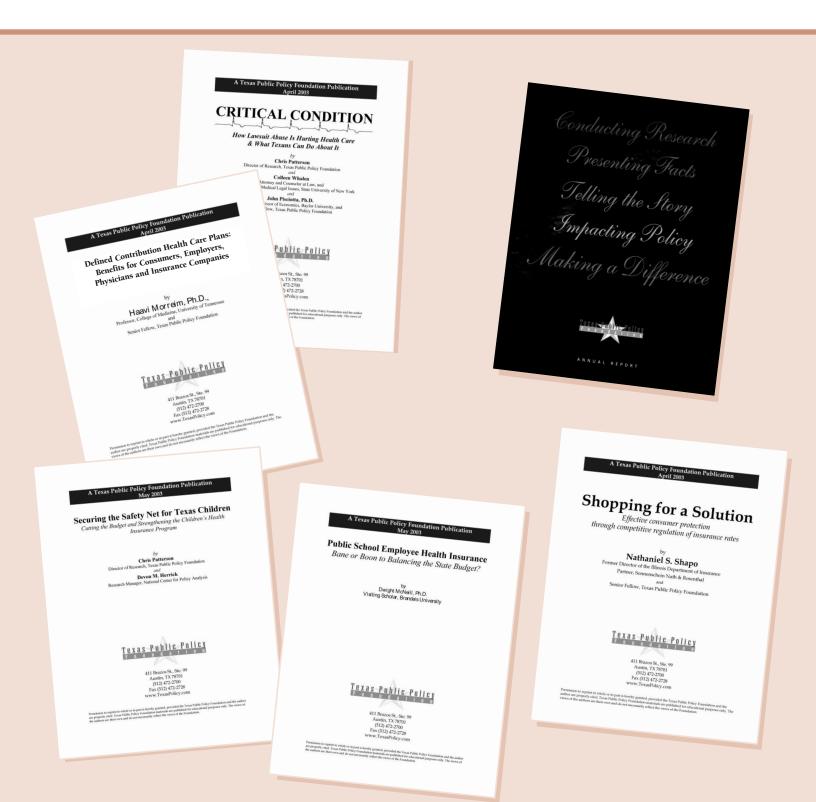
- Receive Veritas policy journal
- Receive summaries of Foundation research reports
 - Receive bi-weekly Texas Public Policy News

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The Texas Public Policy Foundation is a non-profit, non-partisan research institute that accepts no government funds, relying solely on voluntary support from individuals, foundations, and businesses. Contributions are tax-deductible under Section 501(c)3 of the Internal Revenue Code. Remember, your greatest benefit of supporting the Foundation will be a better Texas. For more information call (512) 472-2700 or visit www.TexasPolicy.com.



Texas Public Policy Foundation in Action





Texas Public Policy Foundation in Action

"The Texas Public Policy Foundation offers real solutions for real Texans. Its top-quality, independent research provides the intellectual ammunition for fighting for a better Texas."

The Honorable Rick Perry Governor of Texas









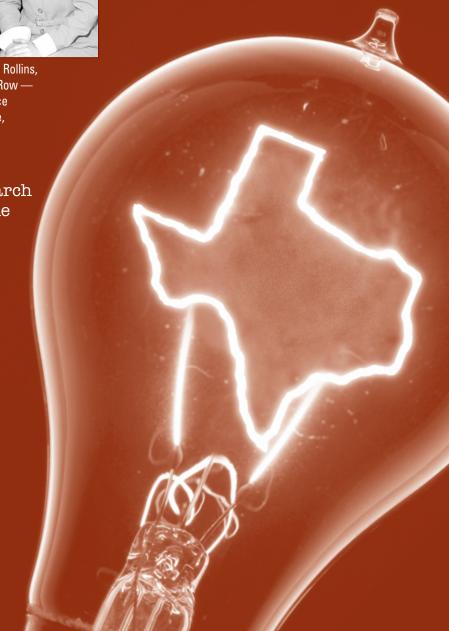
Thank you from the entire staff of the Texas Public Policy Foundation!



Front Row — Chris Patterson, Director of Research; Brooke Rollins, President; Shari Hanrahan, Director of Development. Back Row — Kate Doner, Director of Finance; Michael Quinn Sullivan, Vice President; Byron Schlomach, Chief Economist; Tonda Bunge, Director of Operations

Special thanks to the 2003 research associates who participated in the Foundation Fellowship Program.

Chad Blevins
Andrew Brown
Charles Ganske
Jared Harrell
Molly Moran
Cheryl Winkler



2003 ANNUAL REPORT



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