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Veritas is a quarterly publication of the Texas Public Policy Foundation, a 501(c)3 non-profit, non-partisan research institute guided by the core principles of individual liberty, personal responsibility, private property rights, free markets, and limited government.

Special thanks to Brianna Becker for her contribution to the “Where Are They Now?” feature interviews.
In this special issue of *Veritas*, we are both honored and humbled to be able to share with you some of the history and activities surrounding the past 20 years of the Texas Public Policy Foundation. In this celebration issue we honor some of the people who have played an important role in the Foundation's 20 years and the pioneering roles they have played in helping to create one of the country's leading conservative think tanks, as well as a voice for liberty and freedom across the state and nation.

It has been an eventful 20 years, with many challenges, changes, successes, and growth. From the first years in an old, dilapidated warehouse in the “Five Corners” area of San Antonio, to the current offices just blocks from the Capitol in downtown Austin, the Foundation has evolved into a true force in the public policy debate across the Lone Star State and beyond—thanks to a growing group of generous supporters.

Yet, while there have been many changes during the past 20 years, we have remained constant in our unwavering dedication to core conservative principles of individual liberty, personal responsibility, private property rights, free markets, and limited government. These are the principles that our Founding Fathers sacrificed so valiantly to uphold, and they are the same principles that the founders and supporters of the Texas Public Policy Foundation have unwaveringly committed to for the past 20 years.

The Texas Public Policy Foundation has clearly helped to change the policy landscape in Texas—and the nation—by publishing sound, academically-based research on the most important issues facing policymakers and the citizens they represent. Our annual policy symposium has become one of the most recognized policy events in the state.

These accomplishments would not have been possible if not for a handful of San Antonio visionaries that believed in their principles and the idea that the fight for freedom and liberty is unending. And so they have passed the torch to new generations, that we may continue to be vigilant defenders of freedom—a voice of liberty for generations to come.

We are confident that with the same commitment, diligence and perseverance of our predecessors and contemporaries, we will experience even greater successes in the next 20 years.

Sincerely,

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message from the President & Chairman

Brooke Rollins, President & CEO  Wendy Lee Gramm, Ph.D., Chairman

www.texaspolicy.com
In 1989, the world watched in awe as freedom fighters around the globe were making their voices heard as they challenged the heavy hand of government tyranny and stood up for their right to live in freedom and liberty. Chinese pro-Democracy demonstrators and students paid the highest price in the massacre in Tiananmen Square. Communist regimes across Eastern Europe were toppling. Soviet forces withdrew from Afghanistan, and one of the greatest defenders of liberty of all time, President Ronald Reagan, insisted that freedom prevail… and the Berlin Wall came down.

Liberty and freedom were also on the minds of a small group of civic-minded Texans in 1989, in an area of San Antonio called “Five Corners.” It was in these humble beginnings that these San Antonio businessmen came together to bring independent, market-based thinking to the arena of state policy in Texas.

“Our goals, right from the start, were to focus on limited government,” recalls founding Board of Directors member, Dr. Jim Leininger. “We also focused on school choice, and improving our education system through school choice, tort reform, judicial reform, and private property rights. That’s what we started with, and that’s where we continue to focus today.”

A state-based, free market think tank was an entirely new concept for the Lone Star State in 1989. While their goals were clear—championing solutions and winning support for market-based policies that would make Texas a better place to live, work, and raise a family—they didn’t have a roadmap for exactly how to get there. “No one knew who Texas Public Policy Foundation was; it was a brand new idea. So we were fighting just to get newspapers to talk to us,” said Tim Lyles, founding Board member from San Antonio. “We were excited if a newspaper would quote us. We would keep them! We would show each other in the office!”

The early years were not easy. Getting the message to the legislature and media was an uphill climb. But, with a tenacious commitment to the core principles of liberty, personal responsibility, free markets, limited government, and private property rights, the Foundation found its relevance growing with each passing year.

In July 2002, in an effort to be heard even louder, the Foundation closed the San Antonio office and concentrated its activities on the Capitol in Austin. In that same year, the Foundation created two important positions—a chief economist to expand its expertise in economic know-how and a research director to align all activities with the primary mission of generating academically sound research on state policy issues.

In January 2003, the Foundation hit the jackpot in its search for leadership that would take the Foundation to the next level. Then chairman of the Foundation, Wendy Lee Gramm, contacted Brooke Leslie Rollins who was working on Governor Rick Perry’s staff. The two met during an A&M versus UT football game to discuss their shared vision of working for greater freedom and liberty for the Lone Star State, and a partnership began.

One of the Foundation’s successful strategies has been to surround itself with the best and brightest minds in free market thinking—whether having them serve on the Board of Directors, like Dr. Wendy Lee Gramm, former economist on President Reagan’s watch, or hiring the Honorable Talmadge Heflin and the Honorable Arlene Wohlgemuth, seasoned legislative “superstars” who helped successfully steer Texas through a $10 billion budget shortfall in 2003.

The past 20 years have been a breathtaking ride in bringing conservative, free market principles to the area of public policy in Texas. The vision of the Foundation’s founding members is carried on each and every day in the hearts and minds of the staff and supporters that understand that we must never lose sight of the importance of keeping up the good fight—for a freer, more prosperous future. ★
1. When did you first become involved with TPPF? How long were you active with the Foundation?

I was running the Independence Institute in Colorado in 1989 when Fritz Steiger contacted me on behalf of Jim Leininger for ideas about how we had built our think tank since opening the doors in 1985. We stayed in touch from then on through State Policy Network. I was hired to replace Fritz as CEO when he moved on in 1993. A year later I returned to Denver for family reasons.

2. What made you decide to pursue establishing the Foundation?

From the first contact with Steiger and Leininger, I saw great potential in the vision of a conservative policy institute for Texas, because of the state’s rightward trend at that time and because of the national influence which I believed that Texas-originated reforms could have.

3. What has been the most significant role you have seen the Foundation play in public policy in Texas? How do you think that has helped shape policy at the national level as well?

As far as issues, back in the mid 1990s it was tort reform, restraint of taxes and spending, and parental choice in education. Also, through the years, I think TPPF has been a much-needed conservative conscience to state Republicans as their dominance increased and with it the temptation of incumbency for its own sake. In politics, distinct from policy—but the two can’t really be separated—my hunch is that the Foundation helped create a climate where Gov. Bush could succeed, thus assisting in some degree his eventual victory for the Presidency. That’s just a guess—others could comment firsthand as I can’t. But how unforgettable to have been in Dr. Jim’s office when W. came for a donation early in his race against Ann Richards, and hear Dr. Jim tell the candidate to come back later and try again. That really happened!

4. Can you give us some perspective on the budget you started out with and how the Foundation operated in those early months and years?

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Much of the Foundation’s focus over the past 20 years has been on keeping Texas’ economy competitive with other states so that people are free to conduct business, raise a family, and prosper.

A cornerstone of such an economy is having an environment where the free market system can flourish. People should be able to keep the majority of what they earn, accumulate property without the fear of government confiscation, and take responsibility for their well-being. These things can only happen when government is limited and freedom abounds.

To that end, the Foundation has faithfully worked from the beginning to educate the Texas Legislature on the value of free market principles.

In 1991, when a group of legislators discovered the Legislative Budget Board (LBB) was not following the state constitution and laws that required them to adopt a growth rate which limits the amount of money they can appropriate in a session, the Foundation came forward and supplied the legal support for preparing and filing a petition with the Texas Supreme Court for a writ of mandamus asking them to require the LBB to follow the constitution and law. Even though the Texas Supreme Court refused to hear the motion, the final results were positive. As a result of its actions, a biennial growth rate has been adopted before every session since, to limit what can be appropriated by the Legislature. This limiting factor is intended to protect taxpayers from runaway spending, reduces the burden of high taxes, and makes Texas more attractive to businesses and investment.

In 2003, when the Legislature found they had a $10 billion shortfall as they went into session, the Foundation was again available to work with legislators to help craft House Bill 1, the state’s budget, so it could fund state government without a tax increase. That effort resulted in the Texas economy rebounding much more quickly than other states, encouraging capital investment and the migration of people and jobs to Texas.

Looking back at the history of the Foundation, it’s no accident that our goals today include reforming the state’s constitutional Tax and Expenditure Limit (TEL), encouraging restraint in budget growth, promoting financial transparency, and cutting taxes as a way to return surplus revenue so that Texas’ economy remains at the head of the pack. And so far, Texas has been able to do just that.

In a head-to-head match-up, Dr. Arthur Laffer conducted research pitting the nation’s two economic heavyweights, California and Texas, against one another to see which state’s policies were creating jobs and wealth. Not surprisingly, Dr. Laffer’s report, *Competitive States: Texas v. California*, pronounced Texas to be the winner in five of six broad categories: Taxes on Labor; Taxes on Capital; Overall Tax Environment; Regulatory Environment; and Government Spending Policies. The other category—Taxes on Consumption—was declared a tie between the two states.

The key to Texas’ success is no mystery—limited government and free markets work. As the 81st Texas Legislature prepares to convene, the Foundation stands ready once again to remind everyone of the keys to keeping Texas an economic leader.

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**WHAT THEY ARE SAYING**

Even the Foundation’s competitors concede the group’s emerging influence.

—*Austin American-Statesman*
1. How did you first hear of TPPF and what made you decide to get involved?

Immediately following my senior year at Texas A&M, the 79th Session of the Texas Legislature began. I was at a bit of a crossroads with a science degree, as I had an interest in politics too. I learned that A&M had a scholarship for those working in public policy, so I applied. They matched me up with TPPF because of my beliefs and interest in free market policy. I also wanted to gain some experience working with the Texas Legislature, so the timing was perfect and I was excited to start.

2. What has been the most significant role you have seen the foundation play in public policy in Texas? How do you think that has helped shape policy at the national level as well?

I saw many examples of how TPPF had a direct influence and impact in the debates taking place in the Legislature. But what I was most impressed with was the Foundation's role in transparency legislation that passed that session. TPPF led the way in Texas by bringing transparency issues to the legislative floor. Now at Mercatus, we are focusing on transparency and we look to Texas for guidance and examples.

Also, the Foundation's ability to build strong relationships within government and provide solid, principled research to support their message has been beneficial in furthering the message of freedom and liberty in state policy. During my time with TPPF, I saw that in the Texas Legislature they had a very strong voice.

3. What is your current role and how are you using your TPPF experience in your role today?

I've been working in the public policy field for the past five years. I went straight from TPPF to work for the State Policy Network. From there I accepted a position at the Mercatus Center at George Mason University. Here at Mercatus, I am involved with state outreach. I cover states such as Texas, California, and Massachusetts. We [both Mercatus and I] agreed Texas would be a great state for me to cover since I worked there with the Legislature and obviously had great interest in it.

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**WHERE ARE THEY NOW?**

**Kathleen O’Hearn**

Mercatus Center at George Mason University, State Outreach

TPPF Intern, 79th Legislative Session, 2006

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**EDUCATION**

**Helping Texas Schools Thrive**

By Brooke Dollens Terry, Education Policy Analyst

The Texas Public Policy Foundation has championed the fight for 20 years to improve public education in Texas.

As we celebrate the Foundation’s 20th anniversary it is important to reflect on our past efforts to better prepare us for the journey ahead.

Chris Patterson, a former Director of Research and former Director of the Center for Education Policy at the Foundation, shared with us her thoughts. According to Patterson, “some of the Foundation’s biggest successes in education include championing private sector, market-based reforms in public education, providing leadership in the development of state performance pay incentives for teachers in Texas public schools, and the creation of charter schools.” She also noted the Foundation’s role in raising state curriculum standards, educating schools on the need to focus on postsecondary outcomes, such as college readiness, a seamless transition to postsecondary education, and success in postsecondary education.

As we move ahead on education policy, the Foundation will continue to fight for freedom for parents and students to choose the school that best meets their needs, more transparency to parents and taxpayers on school expenditures, and more innovation and competition in the education system.
Texas Tort Reform
By Bill Peacock, Director, Center for Economic Freedom

When the Texas Public Policy Foundation opened its doors in 1989, doing something about the out-of-control civil justice system in Texas was at the top of our “to do” list. Why? Texas was being nationally criticized for its system of Jackpot Justice. *60 Minutes* had asked the question, “Is Justice for Sale in Texas?” And the Texas Courts, rather than the Texas Legislature, were continuing to develop novel legal concepts such as class action lawsuits, open venue rules, and contingency fee contracts for plaintiffs that were inviting plaintiffs (and their lawyers) from all around the country to make Texas their home for lawsuits.

With this in mind, the Foundation got to work producing research that helped provide the factual support for the revolution in tort reform that sprang up a few years later in Texas.

One such publication was *Tort Reform: Has Texas Ended Its Lawsuit Lottery?* by B.D. Daniel and Michael D. Weiss, published in 1995. It examined some of the major tort reform efforts from the previous two legislative sessions and recommended what other changes might need to be made. Most significantly, they recommended limits on non-economic damages.

This was important because the tort reform efforts of the 90s hadn’t yet stopped this type of abuse of the system. In *A History of Tort Reform in Texas*, published by the Foundation in 2008, former state representative Joe Nixon writes, “In 1989, the average non-economic award in a medical malpractice case was $220,000; by 1999 the average non-economic award in a medical malpractice case was $1.4 million.” Clearly, there was more left to be done.

In 2003, the Texas Legislature took up this issue again, and the Foundation was right there to help. Our publication, *Critical Condition: How Lawsuit Abuse Is Hurting Health Care & What Texans Can Do About It*, by Chris Patterson, Colleen Whalen, and John Pisciotta, pointed out that “While the number of legal claims against health care providers in Texas has skyrocketed, most are being dismissed without any finding of negligence or award for damages. At the same time, however, the amount of payouts from lawsuits is astronomical and growing.”

As a result of the efforts of the Foundation and many, many others, the Texas Legislature passed HB 4, which contained a $250,000 cap on non-economic damages. To get around any potential conflicts with the courts, the Legislature also passed a constitutional amendment—subsequently adopted by the voters—giving them the clear authority to adopt the limits.

In 2005, the Foundation once again engaged in the civil justice debate, this time over asbestos litigation. Once again, the courts had made Texas a lawsuit-friendly place for asbestos plaintiffs. In *A Review Of Asbestos Litigation*...
by Craig Schulman, Byron Schlo-mach, and Bill Peacock, we showed the heavy costs of asbestos litigation: a total U.S. asbestos liability of as much as $200 billion; 52,000 to 60,000 lost jobs; and stifled product innovation. Again, the Legislature was listening, and passed the most substantial asbest-
osit litigation reform in the nation.

The Foundation staff is helping bring about some of the most substanti-
aly civil justice reforms in the nation during the last 20 years. In fact, these reforms have been so successful that Texas was identified as having the best civil justice system in the U.S. in the Pacific Research Institute’s *U.S. Tort Liability Index: 2006 Report*. We stand ready today to continue our tradition of helping Texans achieve affordable access to the courts by eliminating frivolous lawsuits.

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**WHAT THEY ARE SAYING**

The Texas Public Policy Foundation has brought together specific proposals by some of the nation’s best authorities on the most important issues facing our states...

–Former President Ronald Reagan

I commend the Texas Public Policy Foundation for its excellent work in support of personal liberty and free markets.

–Milton Friedman, Ph.D., Nobel Prize in Economics

The Texas Public Policy Foundation provides legislators, organizations, and individuals with the tools to debate the issues.

–State Senator Florence Shapiro

TPPF offers real solutions for real Texans.

–Texas Governor Rick Perry

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**WHERE ARE THEY NOW?**

**Jamie Story**

President, Grassroot Institute of Hawaii

TPPF Education Policy Analyst, 2005-07

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1. When did you join the staff of TPPF?

I began working at TPPF in the fall of 2005, and left this past March to become President of the Grassroot Institute of Hawaii, a free-market think tank in Honolulu.

2. How did you first hear of TPPF, and what made you decide to get involved?

I had read much of TPPF’s education policy work because of my own interest in school vouchers and other free-market education reforms. However, I had not even dreamed of the possibility of working there until Governor Rick Perry offered to introduce me to Brooke Rollins toward the end of my year of service as Miss Texas. The rest is history!

3. What has been the most significant role you have seen the Foundation play in public policy in Texas? How do you think that has helped shape policy at the national level as well?

To borrow a phrase from Brooke Rollins, I most value TPPF’s ability to help “shape the debate.” Facing a record surplus in 2007, the Texas Legislature could easily have increased spending for new and expanded programs. But instead, legislators held budget growth to the total of population increase and inflation—and I believe that was largely due to the work of Dr. Byron Schlomach and Talmadge Heflin in TPPF’s Fiscal Policy Center.

In education policy, Texas has been a national leader in innovations such as charter schools, performance-based pay for teachers and standards-based reform—all areas in which TPPF has led the way with excellent research and recommendations for nearly 20 years.

4. What is your current role and how are you using your TPPF experience in your role today?

I’m the President of a young but growing think tank in Honolulu—the Grassroot Institute of Hawaii—which is, like TPPF, a member of the State Policy Network. TPPF is one of the largest state think tanks in the country, and I am fortunate to have worked within and observed such a well-run organization. I’m able to draw from my experiences there not only in policy, but also from observing the Foundation’s success in areas such as fundraising, marketing, and new media.

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Jamie Story with Representative Rob Eissler at the Foundation offices.
Great things happen when an individual is passionate about the principles he believes in, and no truer testament to this fact can be found than in the life of Dr. James Leininger.

Dr. Leininger has dedicated himself to the free market principles of personal liberty and freedom for the benefit of Texas through his creation and support of the Texas Public Policy Foundation. It’s easy to take the success and impact of the Foundation in today’s policy arena for granted, but the reality is that Dr. Leininger had no idea that the Foundation would one day be the policy powerhouse it is today. When Dr. Leininger and a few like-minded businessmen established the Foundation in 1989, it consisted of a small group of committed, proactive individuals who recognized the need for an authoritative voice of conservatism in state policy debates.

Though Texas has long been a conservative-minded state, in the late 1980s support grew at an alarming rate for expansion of government and increased spending in the state budget. Dr. Leininger knew that conservative policy makers would need facts and research to support a limited-spending position, while legislators who were being pressured to expand spending needed to be informed of the economic dangers of such expansion. He formed the Texas Public Policy Foundation to answer this need, with the successful plan of decreasing his funding of the Foundation until it was self-sufficient, as it is today.

Under the leadership of Dr. Leininger, the Foundation began in a small office in downtown San Antonio. In its early years as an unknown organization, media coverage and legislative contacts were rare. With Dr. Leininger’s enthusiastic guidance and expertise, however, the Foundation quickly began making a name for itself. This is not surprising when one considers the influence of Dr. Leininger. A closer look at his past accomplishments reveals that when Dr. Leininger becomes involved with an organization, success is sure to follow.

Dr. Leininger currently owns, founded, or was a major investor in more than 100 corporations. He has served as a Major in the United States Army Medical Corps, held a private family practice, worked as Director of four hospital emergency departments, and was an adjunct assistant professor at the University of Texas Medical School. He has long been actively involved in community development and civic affairs, including founding the Christian Academy of San Antonio (CASA) and the Medical and Educational Assistance League (MEAL Foundation). He was a South Texas Entrepreneur of the Year and is honored in the San Antonio Business Hall of Fame.

Dr. Leininger and his wife Cecelia are especially dedicated to improving education and strongly believe that all children should have the same educational opportunities. Dr. and Mrs. Leininger have donated more than $100 million to improve education and to provide children at failing and unsafe schools with scholarships to choose the public or private school that best meets their needs. To answer the need he recognized in the school system, Dr. Leininger founded Children’s Educational Opportunities (CEO) San Antonio, which has given scholarships...
to more than 8,400 students over the last 15 years to allow them to attend the public or private school of their choice.

One of Dr. Leininger’s most successful projects through CEO San Antonio was the Horizon Program. In this remarkable program, Dr. Leininger and a group of like-minded businessmen committed to donating a minimum of $50 million over a ten-year period to allow any child from a low-income family in San Antonio’s Edgewood Independent School District (ISD) to attend any private school or even a public school in another district. The program was both a philanthropic venture to benefit Edgewood students and a national experiment to show the benefits of increased school choice. Over the ten-year period, more than 4,000 students received scholarships and more than 92 percent of these students chose to attend college. The program resulted in increased academic performance throughout Edgewood ISD, a 30 percent decrease in dropout rates, and a 37 percent increase in teacher salaries. Because of his dedication to improving education and the work of the CEO Horizon program, Dr. Leininger was recognized as a “Hero for Children” by the Texas State Board of Education in 2000.

Dr. Leininger’s dedication to increased school choice is only a part of his role as a champion of the free market movement. Dr. Leininger also founded and serves as a board member for the Justice Foundation, a non-profit law group that protects fundamental freedoms by representing clients free of charge in cases that involve free market principles. Through the Justice Foundation, the Texas Public Policy Foundation, and other policy groups, Dr. Leininger contributes his passion, expertise, and financial support to further free market policy in Texas and the nation. He is truly a crusader for the conservative movement who has made his life a legacy of liberty. *

WHERE ARE THEY NOW?

Fritz Steiger
Real Estate Developer, Arkansas
Founding President of TPPF 1989-1994

1. How and when did you first become involved with the Foundation?

In a conversation with Jim [Leininger] in November of 1988, he asked me “Fritz, what can we do to make Texas a better place to live?” Of course, I didn’t have a simple answer for him, but I told him I’d do some research and get back to him. So I spent the next couple of months traveling across the nation and seeing how other states were answering this question in their affairs. I started off by going to see an old family friend in Washington D.C., then Congressman Dick Cheney. I asked him what we could do to make Texas a better place to live. He told me about the Heritage Society, a Wyoming based think tank patterned after the Heritage Foundation, a national free market think tank. So, I went over to see some folks at the Heritage Foundation who told me about the small, but growing, think tank movement around the country. They introduced me to John Andrews with the Colorado Independence Institute, Joe Bast from the Heartland Institute, Larry Reed from the Mackinac Center, Don Eberly from the Commonwealth Foundation, and Dr. Stan Marshall of the James Madison Institute in Florida. I also went to see John Goodman with the National Center for Policy Analysis (NCPA) in Dallas who was very helpful in teaching me about how think tanks function.

I called on those folks and asked them to show me how they worked and operated their organizations. I took what I learned from them, wrote up a proposal for a Texas policy think tank, and got ready for my presentation. In January 1989, I sat down with Jim and proposed that we start a free market think tank in Texas. He sat quietly while I went through my proposal. When I was finished he turned around to his file cabinet and pulled out a file. In it was an article dated July 1986 about the Heritage Foundation in Washington D.C., with a handwritten note on top saying, “Texas needs one of these!” We looked at each other in amazement and he said, “I’ll fund it, you’ll run it!”

Liability crisis—tort reform—was Jim’s main issue, and mine was school choice.

So we pushed these two issues with speakers like John Fund from The Wall Street Journal and Stephen Moore from Cato Institute to educate people on the issues. We produced a paper that Peter Huber from the Manhattan Institute wrote on tort reform and reproduced a school choice paper from the Commonwealth Foundation in Pennsylvania.

In the second year, after reading the Peter Huber paper,
In January 1989, I sat down with Jim and proposed that we start a free market think tank in Texas. He sat quietly while I went through my proposal. When I was finished he turned around to his file cabinet and pulled out a file. In it was an article dated July 1986 about the Heritage Foundation in Washington D.C., with a handwritten note on top saying, “Texas needs one of these!” We looked at each other in amazement and he said, “I’ll fund it, you’ll run it!”

General McDermott, the Chairman of USAA, gave us $100,000—not just because of our work on tort reform, but because he really believed in Dr. Leininger’s leadership and all he was doing with important issues facing the state. This took us to a totally different level. We were no longer just Jim and me. We were getting the support of other principled businessmen.

On August 15, 1991, Jim read a Wall Street Journal editorial titled “Golden Rules Choice” about Pat Rooney—Chairman of Golden Rule Insurance Company in Indianapolis. Rooney had put up $1.2 million to start a privately funded voucher program. He was just a businessman who was frustrated with trying to reform education in Indiana. He was like us. Jim sent me the article, and I noticed written in his handwriting the words marked boldly on top: “San Antonio needs one of these!” I remembered what happened last time Jim wrote a note like that on the top of an article!

So we met with some like-minded businessmen who were concerned about education. We gathered them together and, afterwards in the parking lot, Jim asked me if he should replicate what Rooney had started. I think he had already made up his mind in favor of it, but I went ahead and gave my vote of approval anyway.

The Children’s Educational Opportunity Foundation, or CEO San Antonio, was a program designed and implemented by TPPF. It was later highlighted in a Wall Street Journal editorial and immediately began to generate phone calls from businessmen all across the country who were interested in following Pat Rooney and Jim’s model. Inspired by this, we published a manual to send out to people on how to start privately-funded voucher programs in their communities. One of the recipients of this manual was John Walton—son of Sam Walton, founder of Wal-Mart in Bentonville, Arkansas. He was interested in starting privately-funded voucher programs, which he did, after looking at our model and recommendations.

In 1994, John and the Walton Family Foundation offered TPPF $2 million to fund an organization to help others establish private voucher programs throughout the country. After this, we realized TPPF couldn’t handle this completely alone, so we decided it was time to spin off a separate entity of TPPF—CEO America. I then moved back to Bentonville, Arkansas where I ran that organization for nearly 10 years.

Thus, by spurring these offshoot foundations, TPPF’s influence has been nationwide. The impact: the reach that TPPF has had across the nation is huge.

Our papers led to a grassroots movement of people to enact legislative change. That’s what we started out to do 20 years ago. It’s been an amazing story of an organization that started off as an idea, like most think tanks, and moved to a force with national policy implications.

Another example of our influence and reach was one of our first tort reform papers. After we published the paper, we were contacted by Dick Weekley of Weekley Homes in Houston. He wanted to get involved in the tort reform movement. He then went on to start Texans for Lawsuit Reform.

2. What was it like in those early years of the Texas Public Policy Foundation?

Our first office was an old abandoned Japanese restaurant supply warehouse that Jim owned near Five Corners in San Antonio. It’s not the best part of town. It was modest beginnings, but that’s where I first started using a PC. And we had to keep the doors locked, which is probably the best way to describe
ISSUES

Deregulation

By Bill Peacock, Director, Center for Economic Freedom

The Foundation was founded in 1989 because there was a need to bring academically-sound, free market-oriented research to the public policy debates over education and civil justice.

The direction the Legislature was taking early on wasn't likely to help. Calls for stricter regulation of rates ignored the fact that the rise in premiums had been caused by too much regulation in the first place. Subsequent research by the Foundation found that the regulation of policy forms by the Texas Department of Insurance and an activist judge combined to create a new right to mold coverage—a right that was quickly exploited by trial lawyers. This combination wound up costing Texas policyholders $900 million. Yet the Legislature was poised to make matters worse.

Two Foundation publications, Mold for Gold and Shopping for a Solution: Effective Consumer Protection through Competitive Regulation of Insurance Rates laid the groundwork for legislation that moved Texas down the path toward less regulation (though there is still room for improvement in this area).

Since that time, the Foundation founded its Center for Economic Freedom to focus on economic regulation. To further this work, the Center took on telecommunications as its next major policy issue.

Texas has long been a national leader in the move toward deregulation in this area, and 2005 was shaping up to bring rancorous debate over this issue. The debate was indeed heated, as “consumer advocates” teamed up with vested interests to oppose major telecommunications reform legislation, which included removing the ability of municipalities to block the spread of new video services. The bill died during the regular session.

But thanks to the Foundation's research and persistence on the issue, the legislation was revived and passed during a special session later that year. The results have been astounding, as new technologies at lower prices have flooded the Texas marketplace.

The 2005 legislative session also marked the Center's debut in energy policy. Texas leads the nation, if not the world, in bringing competition to its electricity market. Our effort has been an outstanding success. Yet you wouldn't have known it from listening to the public debate over the last few years.

Critics of free markets took every opportunity possible to assail our reforms in repeated attempts to re-regulate the market, and it looked as though they might succeed. Only a point of order finally stopped the efforts at the end of the 2007 legislative session.

But persistence in the Center's efforts in this area have finally paid off. From our 2005 research on renewable fuel, Mandate for Renewable Energy Costs Consumers, to our 2007 multipart series on deregulation, Competition in Texas Electric Markets: What Texas Did Right and What's Left to Do, the word about the success of competition has finally taken hold.

The slow but steady march toward less regulation is one reason why Texas leads the nation in job creation and is home to more Fortune 500 companies than any other state. Promoting free markets isn't a theoretical exercise, but a way to bring real jobs and prosperity to all Texans.
Michael Quinn Sullivan
President, Texans for Fiscal Responsibility and Empower Texas PAC
TPPF Director of Media and Government Relations, 2001-2002; TPPF VP, 2003-2006

1. When did you first become involved with TPPF? How long were you active with the Foundation?

In 2000, I was working for the Media Research Center in DC training conservatives, including TPPF employees. I talked to Jeff Judson, and he convinced me to come back to Texas and help expand the burgeoning Foundation. Then we were still in San Antonio. Soon however, in 2003 we moved to Austin. Not in the big office ya'll enjoy now, but two separate little ones across town. Luckily that didn't last too long, and I, with the team, moved within sight of the Capitol. This was a huge move both physically and symbolically for the Foundation. It went from a dedicated but distant group in San Antonio turning out a few research papers a year, to the influential team seen daily within the halls of our Capitol—impacting the very floors of the Legislature. They were now in the premier physical position to have a crucial impact on what was going on under the big pink dome. This physical growth was paralleled, if not caused by, the growth and improvement of the policy staff. They brought on economists and new policy analysts to produce the best research in the state and gave them the tools to package it for the legislators.

2. What has been the most significant role you have seen the Foundation play in public policy in Texas? How do you think that has helped shape policy at the national level as well?

In the issues of transportation and health care the Foundation has guided Texas. We were the only conservatives even talking about health care issues just a few years ago. Now our research is leading in the field for our state. There is a direct line from what the Foundation was putting out on health care and transportation five to eight years ago to what is at the top of the agenda today. This will continue. The expansion and improvement of the Foundation’s outreach capabilities, as well as its established reputation for professionalism, will shorten the time it takes for this direct communication to reach the target audiences.

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3. What is your current role and how has your experience with TPPF shaped you?

I am currently the President of Texans for Fiscal Responsibility and Empower Texas PAC. These are separate spheres at work. There is the research sphere—like TPPF, and the political sphere. The two mustn't intermix, for legitimacy’s sake—for ethical reasons, and reasons of appearance. TPPF taught me the research side, and clearly drew the line between that and the political side. I commend everyone involved with TPPF, because this is a difficult thing to do. It is very tempting to cross that line into campaigning, which we did not want to do, and not just to preserve our tax status, but to ensure Texans have confidence in our research. It would be a death knell for the creditability of TPPF to be alleged mouthpieces or shills. I believe none of us at TPPF would have ever risked the hard work our analysts do by crossing that line.

Maybe this belief in the legitimacy of the rule of law is the reason there are
so few conservative organizations doing what I am in Texas. Conservatives are stereotyped as not liking politics. For the most part that’s what we see, conservatives with phenomenal talent and powerful insight producing the reports and delivering the solutions. But in Texas I saw a void of conservatives holding elected officials accountable for enacting those solutions.

I wanted to take those conservative ideas and put them into that political context. So I began TFR and Empower Texans PAC to be that “enforcer,” if you will, of these great ideas and common sense solutions conservatives were producing. I came here to play the political role by evaluating individuals “serving” Texas. And I have fun doing it. I think that’s the best way. This is just the continuation of my desire for more action than talk, and for getting my boots on the ground of the House floor.

WHAT THEY ARE SAYING

(TPPF) has been very, very important to Texas, in providing… conservatives with the intellectual capital to make change.

-Railroad Commissioner
Michael Williams

The Texas Public Policy Foundation provides an important service to the legislature by giving us the opportunity to discuss key issues with leading experts.

- State Representative Phil King

...dubbed the ‘official think tank of Texas’ by friends and foes...

-The Dallas Morning News

Bringing together policymakers, experts, citizens, and the media... Policy Orientation has become the premier policy symposium in Texas.

Contact Shari Hanrahan to become a part of next year’s event at 512.472.2700 or shanrahan@texaspolicy.com.
The state of Texas currently enjoys one of the most efficient and productive free market economies in the world, thanks to the ideas and values of our founding fathers and those individuals who have since defended the principles of individual liberty and personal freedom.

Leaders like Stephen F. Austin, William Travis, and Sam Houston are just a few of the legends of the past who left us with a legacy of liberty that we continue.

Now is your opportunity to leave a legacy in Texas through your gift to the Texas Public Policy Foundation as a member of the Lone Star Legacy Society.

Wills or Living Trusts
A bequest made through your will or trust is completely free of estate tax. You can designate a specific dollar amount, specific piece of property, a percentage of your estate, or all or part of the residue of your estate. You can also name the Texas Public Policy Foundation as a contingent beneficiary if someone in your will is no longer living at the time of your passing.

Charitable Gift Annuities
A charitable gift annuity can be funded with a gift of cash or marketable securities. In return, you and/or a second beneficiary receive fixed income for life at a rate based on your age(s). Typical annuity payments range from 6% to 11%. The minimum required gift is $100,000. Benefits often include a current income tax deduction and fixed lifetime income.

Life Insurance or Retirement Plans
The Texas Public Policy Foundation can easily be designated a beneficiary of a life insurance policy or qualified retirement plan, such as an IRA.

Real Estate and Appreciated Property
You can donate a house, vacation home, farm, undeveloped land, and other types of real estate to the Texas Public Policy Foundation. Your gift of appreciated property not only reduces your income tax, but also may reduce your taxable estate.

The Texas Public Policy Foundation is honored by individuals who place such value on the Foundation’s work. With the support of the Lone Star Legacy Society, the Foundation will assure that future generations of Texans enjoy the same freedoms that we do today. Thank you for helping us sustain our work for the future as we celebrate 20 years of leading liberty in Texas. Consider joining the Lone Star Legacy Society today!

Freedom is never more than one generation away from extinction. We didn’t pass it to our children in the bloodstream. It must be fought for, protected, and handed on for them to do the same.

-President Ronald Reagan
WHERE ARE THEY NOW?

Jeff Judson
Judson & Associates, Principal
TPPF President 1994-2003

1. How were you first introduced to the Texas Public Policy Foundation?

My first encounter was when I was Chief Legislative assistant for Tom DeLay. Tom wrote a letter of endorsement for the think tank in Texas. I was there when he signed it, and little did I know I would become president of that organization from November 1994-2003.

2. How has the Foundation evolved since you first started in your role there?

I started in November of 1994, and tort reform passed in 1995. I didn’t actually work on it that much, my predecessors took that on and made some great changes for the state of Texas.

I am most proud of not any one piece of specific legislation, but more so getting TPPF to the point where it was recognized, appreciated, and honored by all the statewide officials and legislators. I wish I could take all the credit for this, but it was a combination of hard work on the staff’s behalf, and the political shifts in Texas during my time there. Prior to my coming on, TPPF was a voice in the wilderness, but it became more and more influential.

In 1999, a TPPF event was written up in a San Antonio Express-News article. Every statewide official spoke: Gov. Bush, Comptroller Rylander, the lieutenant governor, and others. That was the night I realized just how far TPPF had come. I was convinced that night of the ascendancy of the Foundation, and I was assured its reputation was solidified within Texas politics.

It gives me great satisfaction to see TPPF succeeding like they are. I am so proud of everything Brooke has done to further the Foundation, and really make it one of the most influential forces in Texas policy.

We came up with the idea for the Veritas newsletter the last year I was there. Veritas is Latin for “the truth.” I think more than anything, think tanks are about truth. There is so much spin going on amongst everyone … lawyers, elected officials, lobbyists, government and their agenda. I think TPPF is one of the few places you can go to really find out the truth—they don’t have any other purpose, no clients or investors to please, just the truth. I wanted to produce a newsletter in which the only thing published in it was the truth.

3. What is your current role and how has your experience with TPPF shaped you in your role today?

What I decided to do when I left TPPF was work out a frustration I developed, which was this: I knew how influential TPPF was, but I had a hard time convincing corporate government affairs representatives to support TPPF at a level that would allow us to really make an impact. So, my goal upon leaving TPPF was to find industry groups and corporations that have a free enterprise agenda and connect them with think tanks around the country—advising them on sufficient contributions that would allow think tanks to achieve their full potential in affecting an issue. Usually that means supporting a think tank enough to allow them to hire an expert to work full time in one field and dominate the debate. That’s where think tanks are most influential—where they have a specialist concentrated on a particular issue.

I now run Jeff Judson and Associates to fulfill that goal. So far, I’ve raised about $9 million towards this cause in a five-year period (since 2003). I’ve found that in every instance, with every think tank I’ve worked with, that when given adequate resources, they are able to dominate the argument. They fill a huge need for information and analysis, and with diligent effort, establish the dominating voice.

5. How do you think TPPF will play a role in public policy in Texas and the nation in the next 20 years?

I think TPPF will continue to deliver the truth on important policy issues. I know the Foundation will continue to dominate the policy debate in Texas because of its superior product and close legislative ties.☆
The details of my year at the helm are fuzzy in memory—but it was a mixed blessing back then to have Dr. Jim as our principal angel and donor of last resort. Obviously beneficial to know the doors would always stay open, but any nonprofit must eventually broaden its donor base to outgrow the eggs-in-one-basket danger and shake off the perception of being anyone’s personal vehicle. I believe that this has been well accomplished in the Judson and Rollins years since I left the scene.

5. What were some of the obstacles or challenges you had to overcome in order to take the Foundation to the next level?

TPPF’s first half-decade, when I was involved, much like the first half-decade of Independence Institute in Colorado, was a time of trial and error as far as really focusing on the priority issues. The CEO Foundation and the main body of TPPF didn’t always mesh smoothly. The home office in San Antonio, and satellite offices in Austin and Dallas, made for a bumpy ride sometimes. Relocating to Austin seemed imperative. Tex Lezar’s 1994 bid for lieutenant governor brought Bob Bullock to battle stations with a threat to crush us. “Interesting times,” as the Chinese say. I wouldn’t trade the experience for the world.

6. What was the highlight of your experience working at the Foundation?

I count it one of my life’s greatest privileges to have spent a year on the team with TPPF’s dedicated staff, trustees, donors, and political allies, literally helping make Texas history as ingrown one-party liberalism gave way to a healthy two-party competition of ideas.

7. How has your TPPF experience shaped you?

I consider myself a grateful Foundation alumnus and loyalist for life, as well as a forever teammate in spirit. Plus I may someday write a novel or screenplay about 11 months in the life of a Rocky Mountain transplant into the Lone Star political culture—still a foreign country in many ways!

8. How do you think TPPF will play a role in public policy in Texas and the nation in the next 20 years?

Bigger, better, more colorful, and more unpredictable than ever—like everything else in Texas.

I want to commend the Texas Public Policy Foundation for its exemplary track record of educating the public and elected officials alike by facilitating dialogue among stakeholders, providing guidance in specific policy areas related to TPPF’s mission, and informing the civic discourse which concerns communities larger than Texas.

When I came to Austin as a freshman State Representative from Pampa in 1989, I was not the only new kid on the block. The Texas Public Policy Foundation was established in San Antonio that same year, and since then has been working to fulfill its mission of being a “non-partisan research institute guided by the core principles of individual liberty, personal responsibility, private property rights, free markets, and limited government.”

- State Representative Jerry A. Madden, Chairman of the House Committee on Corrections (80th Texas Legislature)
it. We then moved to the Tesoro building near the airport. That office space came in the form of a contribution from the owners, the Dements.

3. Can you give us some perspective on the budget you started out with and how the Foundation operated in those early years?

   Our first year’s budget was $80,000. Jim never intended to be the only funder. About a year after we started, we began sending out direct mail, and other fundraising letters. Our first direct mail response was a huge $2,500 contribution from Sterling Chemical—Bill McMinn’s company in Houston. We were overjoyed. Later, General McDermott from USAA gave $100,000—more than our entire budget for that year.

4. Personally, how did you arrive at the Foundation’s principles (mission statement)?

   Throughout my life, I always believed in trying to change policies and laws in a positive way through politics. But, establishing TPPF got me thinking about another route, the policy route, which is a much different approach. It’s taking the message of ideas and enacting change, not through direct politics or the election of leaders who already toe the line, but by educating and working with those already in office, as well as opinion leaders throughout the state. The effect of this method is valuable beyond recognition, and is evident in the direction Texas is headed as TPPF’s influence becomes greater and greater.

5. What have you been doing since your time with the Foundation and what role are you in today?

   After I retired from the national school choice movement, CEO America became the School Choice Alliance. Shortly thereafter, I also stepped down from the Board of Directors of TPPF. I have been working as a real estate developer in northwest Arkansas for the past six years. My wife and I are busy raising and home-schooling our six children—ages 8 to 19 years old.

FOUNDATION NEWS

Rollins Receives Roe Award for Leadership

On September 11, Texas Public Policy Foundation President Brooke Rollins received the 2008 Thomas Roe Award, the top honor for free-market think tank leadership, at a banquet during the State Policy Network’s (SPN) annual meeting in Scottsdale, Arizona.

“Brooke Rollins’ ability and passion for conservative principles are evident to anyone who has been in her presence,” said Governor Rick Perry, for whom Rollins served as deputy general counsel and policy director before moving over to the Foundation. “It’s been a privilege to watch Brooke develop from an FFA officer at Glen Rose High School into one of Texas’ most outstanding leaders.”

The annual Roe Award pays tribute to one individual in the state public policy movement whose achievements have greatly advanced the free market philosophy. It recognizes leadership, innovation, and accomplishment in public policy. The award is an eagle, a symbol of liberty and the courage and conviction necessary for its preservation.

“In the six years since Brooke Rollins took the reins, TPPF has become a dominant force in Texas and a role model for other states wanting economic growth and prosperity for their citizens,” said Dr. Wendy Gramm, the Foundation’s chairman. “I congratulate Brooke on this honor and am thrilled that her outstanding work in support of limited government and individual liberty has been acknowledged in this way.” 

Current and former Foundation staff celebrate with President Brooke Rollins. From left: Marc Levin, Talmadge Heflin, Michael Quinn Sullivan, Kalese Hammonds, Justin Keener, Brooke Rollins, Scott Specht, Greg Sindelar, James Quintero, Shari Hanranhan, and Mary Katherine Stout.

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Please join the Texas Public Policy Foundation in celebrating 20 years as the voice of liberty in Texas.

TEXAS PUBLIC POLICY FOUNDATION’S

20TH ANNIVERSARY CELEBRATION

September 11, 2009
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