

TEXAS PUBLIC POLICY FOUNDATION

2010 Annual Summary

Texas Public Policy
FOUNDATION

Message from the Chairman and President



President & CEO Brooke L. Rollins
and Chairman Dr. Wendy Lee Gramm

On November 2nd, 2010, the American people took a page from the late William F. Buckley Jr., stood athwart history, and yelled, “Stop!” Out-of-control spending, government overreach, and a direct assault on free market principles awakened the individualist, the entrepreneur, and the patriot—and they all marched to the ballot box. Across the nation, citizens rediscovered the Founders’ first principles of liberty and freedom.

When the electoral smoke cleared, the Texas Public Policy Foundation was there to provide sound, conservative solutions to Texas—and America.

As strengthened and energized conservatives looked for ways to push back against government encroachment, the Foundation developed its *Agenda for Prosperity*—a roadmap of effective principles that will keep Texas on its path of extraordinary economic growth, and preserve the Lone Star State’s role as a beacon of liberty to the rest of the nation.

The Foundation grew tremendously in 2010. Our increased outreach included launching the Center for Tenth Amendment Studies, focused on policies to restore the Constitutional balance between the states and the federal government; and our Center for Effective Justice’s new *Right on Crime* initiative.

Our effective and increasing presence in the public policy debate is possible only because of committed Texans and Americans like you. With your tremendous generosity, your belief in liberty, your courageous engagement, and your dedication to our state and our nation, we will stay in the fight for freedom—and we will win.

Brooke L. Rollins
PRESIDENT & CEO

Dr. Wendy Lee Gramm
CHAIRMAN

Economic Freedom

In the face of the federal government's unprecedented intrusions into the marketplace, the Center for Economic Freedom diligently advocated for free enterprise and competition here in Texas. Through its Public Utilities Commission (PUC) Project, the Center for Economic Freedom provided quality research and policy recommendations throughout the PUC sunset review process. The Center's activities included frequent meetings with key legislators, testimony, and major publications that detailed policy solutions to lower costs and maintain deregulation of the Texas electricity market. Fighting to help protect Texas property owners, the Center continues to move eminent domain reform forward. The Center met with more than 39 legislative offices to discuss our research and provide information on how to put a stop to government takings of private property in Texas and the nation.

Education

The Center for Education Policy's mission is to ensure that all Texas children have choice of and access to effective and efficient educational opportunities. We helped improve education quality in Texas by removing barriers to school choice and preserving Texas' teacher merit-pay programs, among the most successful in the nation. We hosted policy events, documentary film screenings, tours of charter schools, and major media outreach efforts to educate others on the benefits of increased choice in education. Legislators and their staff count on the Center for policy recommendations that will expand educational opportunities via virtual schools, education tax credits, and charter schools.

Effective Justice

The Center for Effective Justice worked with Texas policymakers on reforms that have led to double-digit declines in Texas' crime and incarceration rates. In 2010, the Center

launched its groundbreaking Right on Crime initiative—featured nationally and globally in major media outlets such as *The Washington Post*, *L.A. Times*, *Financial Times*, and National Public Radio. Right on Crime has been heralded for marshaling conservative support for

much-needed reforms that had long languished because they lacked broad-based political backing.

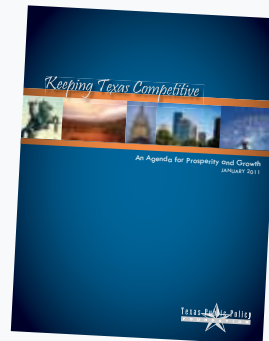


Bill Peacock, Director of the Center for Economic Freedom, moderates an electricity panel of Texas and national energy experts at the Foundation's sold-out summit "Competition, Green Energy, and the Texas Electricity Market," held in December.

Fiscal Policy

The Center for Fiscal Policy educated the Legislature on ways to improve the constitutional tax and expenditure limit in Texas. By tightening the purse strings and holding the growth of state government to the state's population growth plus inflation, the Center provided a detailed blueprint on how to keep Texas on the road to economic strength and prosperity. It outlined these guidelines in *Keeping Texas Competitive: An Agenda for Growth and Prosperity*, in preparation for the 82nd Legislative Session.

We made it clear to policymakers that increasing taxes was *not* an option. We helped state agencies identify wasteful spending in agency budgets and spoke out against a proposed personal income tax in Texas. Conservative principles and fiscal sanity prevailed, and the 2010-11 state budget *decreased* general revenue spending for only the second time since World War II.



Energy & Environment

The Armstrong Center for Energy and the Environment called for energy policy based on sound science and true economic "sustainability." U.S. Senator John Cornyn helped us announce the release of our in-depth paper, *The Texas Economy: How Would Climate Change Legislation Impact Economic Growth and Jobs?*, which shows the true economic impact of federal cap and trade legislation. Center director Kathleen Hartnett White provided strategic advice to the Governor's policy office and legislators on the Environmental Protection Agency's Endangerment Findings—which would cost Texas jobs and hurt our vibrant economic climate.



Kathleen Hartnett White, Distinguished Fellow-in-Residence and Director of the Armstrong Center for Energy & the Environment, is joined by U.S. Senator John Cornyn and others to present findings from a Foundation report on climate change legislation.

Health Care

In order to cover the additional \$10 billion needed for Medicaid by 2014-15, even before the effects of ObamaCare and without offsetting budget cuts, the Texas Legislature would have to add more than 3 cents to the sales tax. If ObamaCare stands as is, the state would need to enact a 4.5 cent increase to the state sales tax. Our Center for Health Care Policy worked with policymakers in Texas and other states to support efforts to repeal federal health care reform, while at the same time lowering implementation costs, increasing choice of providers, reducing the number of people on government health care, and creating greater independence of state spending from federal spending.



Arlene Wohlgemuth, Executive Director and Director of the Center for Health Care Policy provides an interview on health care reform with a local Austin television station.

Higher Education

The Center for Higher Education championed market-based reform of state colleges and universities by providing state policymakers with information and strategies to improve educational quality, accessibility, institutional efficiency, transparency, and cost. These measures provide students and parents with a clearer picture of their educational investment including course syllabi, student evaluations of faculty, total cost of attendance, financial aid options, course requirements, departmental budgets, work study opportunities, and professor credentials.

Tenth Amendment

The Center for Tenth Amendment Studies educated policymakers and the public on the need to restore the Constitutional balance between the states and the federal government. In this role, the Center conducted the federalism portion of the American Legislative Exchange Council's midwinter conference in Washington, D.C., bringing together more than 900 state legislators from across the country to present our *Agenda for State Action* and discuss a series of proposals on what the states can do to reverse federal overreach and restore Constitutional rights.

Communications

The Foundation's communications program produced strong results in 2010, resulting in well over 1,100 media mentions that reached a total audience of more than 220 million people.

The signature success was the *Competitive States 2010: Texas vs. California* report. During the first two weeks after its release, the report was highlighted in 100 media outlets with a combined audience of 22 million people—including *The Wall Street Journal*, *The New York Times*, *New York Post*, *Investor's Business Daily*, *National Review*, *Orange County Register*, and *Sacramento Bee*.



Foundation Executive Director Arlene Wohlgemuth briefing Governor Perry on Medicaid and the Budget on the way to one of many stops on the "Fed Up!" book tour.

Leading the Way

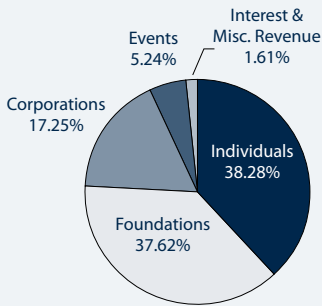
For more than 22 years, the Texas Public Policy Foundation has stood as a voice of liberty, free enterprise, and personal responsibility in Texas. Our successful policy recommendations in Texas have made our state a model of applied conservative principles. Our success has put us in the unique and honorable position of leading other states to retain control over state issues and spending. Now considered one of the leading state-focused think tanks in the nation, the Foundation is being called on to provide model policy recommendations, oversee major national outreach efforts, teach our methods to like-minded groups throughout the nation, and defend liberty in a variety of policy areas.



Texas Public Policy Foundation Visionaries Dr. Lisa and Matt Cooper of Houston join Vice President of Outreach Shari Hanrahan at the Governor's Reception Room as part of the annual Visionaries Meeting. The Foundation eagerly welcomes younger free market enthusiasts to its list of supporters.

Despite the worst national economy in decades, the Foundation substantially increased its income while holding expenditures in check. This is testimony to our donors' commitment to liberty and the Foundation's own fiscal responsibility. In bad economic times and good, the Foundation remains vigilant in making sure that every penny of every contribution is used efficiently and effectively.

2010 Income: \$4,496,502



Assets

Cash & Receivables	\$1,959,038
Property & Equipment	\$1,705,848
Prepaid Expenses	\$ 62,961
Total Assets	<u>\$3,727,847</u>

Liabilities

Current Liabilities	\$ 86,643
Deferred Revenue	\$ 463,070
Total Liabilities	\$ 549,713

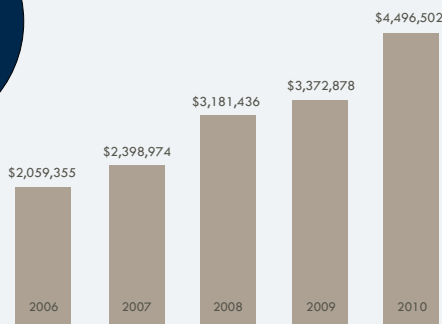
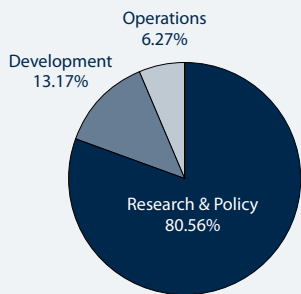
Net Assets

Equity Prior Years	\$1,972,272
Equity 2010	\$1,205,862
Total Net Assets	\$3,178,134

Total Net Assets & Liabilities

\$3,727,847

2010 Expenses: \$3,290,640



Revenue Growth: 2006-2010

—All financial data subject to review by independent audit.

Our MISSION

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.



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