

Building a Foundation for the Future



CnC Photography

2015 Annual Report
TEXAS PUBLIC POLICY FOUNDATION



Welcome | Texas Public Policy Foundation

Building a Foundation for the Future

Every day at 901 Congress Avenue, the men and women of the Texas Public Policy Foundation gather at Liberty's New Address to advance the founding principles of this organization.

Liberty, personal responsibility, and free enterprise don't just happen to be founding principles of both Texas and America. They are the essential components of the spirit that animated the creation of both republics, in 1776 and 1836. And this is the same undaunted spirit that moves us today in all that we do.

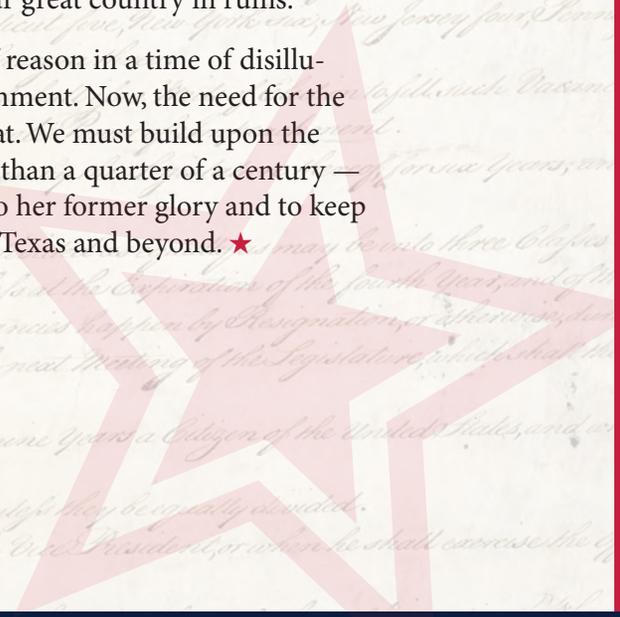
The Texas Public Policy Foundation is a workshop for ideas and a fortress for freedom, containing within its walls the force and fundamentals of liberty, with the power to change a nation — and to save it, should the need arise.

Our top-quality work and our unstinting passion mean that our voices are heard across the country and around the world, educating policy decision makers, defending the American people and their liberty, and advancing sound research at every turn.

All this is due to the firm foundation built 26 years ago in San Antonio by a handful of people who wanted a better tomorrow for their children. Who felt that the best way to take action was to affect state policy. Who believed that although they were small in number, their ideas were big enough to carry others along with them in the cause.

Today we can see that what has been built upon this foundation is not only strong, but powerful enough to stand up to the unconstitutional excesses of a federal bureaucracy that, left unchecked, would leave our great country in ruins.

TPPF has become the voice of reason in a time of disillusionment in our federal government. Now, the need for the faithful voices of liberty is great. We must build upon the foundation created over more than a quarter of a century — to work to return our nation to her former glory and to keep the American dream alive...in Texas and beyond. ★



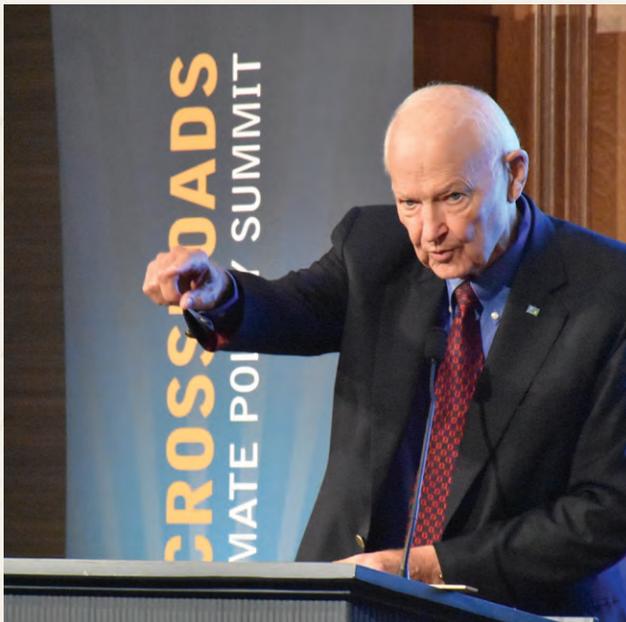


Contents | 2015 in Review

4



15



16-17



10



- 2 Welcome
- 4 President's Message
- 6 American Future
- 7 Economic Freedom
- 8 Education Freedom
- 9 Effective Justice
Right On Crime
- 10 Energy & Environment
- 11 Fiscal Policy
- 12 Health Care Policy
- 13 Higher Education
- 14 Local Governance
- 15 Tenth Amendment
Fueling Freedom
- 16-17 Events
- 18-19 Communications
- 20-21 Development
- 22 Financials
- 23 Staff



Message | From the President & Chair



Brooke L. Rollins
President & CEO



Dr. Wendy Gramm
Chairman of the Board

Welcome to the 2015 Annual Report of the Texas Public Policy Foundation.

In this, the record of our 26th year, you'll find a profile of achievement, of aspiration, and of action. This past year was always going to be significant, simply by virtue of the 84th Texas Legislature, but it was more than just that. It was transformative.

This was the year we established our Center for the American Future, and promptly brought a lawsuit against the federal government on behalf of landowners along the Red River.

This was the year we established our Fueling Freedom Project, and brought action to defend America's energy sector to states across America, leveraging the Tenth Amendment against the ambitions of Washington, D.C.

This was the year we surpassed one billion (yes, billion) in aggregate media audience, definitively establishing ourselves as a major national media presence.

This was the year we went from a tenant in rented office space to the owner and sole occupant of a magnificent six-story headquarters just two blocks from the Texas State Capitol.

This was, in short, the year in which the Texas Public Policy Foundation went from nationally significant to nationally inevitable. If you engage in policy that affects the states, if you seek to transform the American future, and if you work for the restoration of Constitutional liberty, then you'll be encountering us, contending with our work, and engaging with our scholars. We continue to build upon not only the mission of our founders, but also the vision of this country's Founding Fathers as well.

As we enter 2016, the 27th year of the Foundation, we must remember that our significance is due to three big things.

First, of course, there is Texas. The Lone Star State today is where America will be tomorrow. The future of our nation takes shape here, and so what happens here is exceptionally meaningful to the nation at large.



Second, there is the outstanding quality of our people. The Foundation has always sought men and women who are a cut above: motivated, educated, and innovative in their approach to policy development and analysis. As we've grown, so too has the caliber of our people, to the point that today, our scholars and personnel are the qualitative equals to top-tier policy institutions anywhere in the world.

Third, and most important, there is you — the people of both Texas and America, who love liberty enough to support its defense — with your time, your talent, and your treasure. The work we do is a reflection of your generosity, and of your spirit. It is the same spirit that carved a nation from a wilderness, that conceived a republic in liberty, and that defended it with valor and steadfastness across generations. It is a spirit we inherit from our past, that animates our present, and builds our tomorrow.

That's our foundation for the future: a heritage and a heart that believes in the promise of liberty for all — and works tirelessly to secure it.

Yours in liberty,

Brooke L. Rollins
President & CEO

Dr. Wendy Gramm
Chairman of the Board



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American Future | Fighting for the American Dream

In order to further the Texas Public Policy Foundation's mission, the Center for the American Future was created to advance Tenth Amendment principles through judicial opposition to federal abuse and overreach in the areas of environmental, private property, and business autonomy rights.

The Center represents clients whose lives and liberty are threatened by federal government action in defiance of the Constitution. To that end, two major lawsuits were filed in 2015:

- ★ *Adherholt et. al. v. Bureau of Land Management, et. al.* The Center filed a lawsuit challenging the Bureau of Land Management's unconstitutional and arbitrary seizure of thousands of acres of private property along the Red River in Texas. The Center's work on this action has resulted in one of the largest media campaigns the Foundation has ever executed, as well as the active involvement of the State of Texas and the Texas General Land Office.
- ★ *American Stewards of Liberty, et. al. v. Department of Interior, et. al.* The Center filed suit to intervene into the pending lawsuit seeking delisting of the Bone Cave Harvestman arachnid from the Endangered Species Act. The suit challenges the authority of the federal government to use the Interstate Commerce Clause to regulate non-commercial interactions with this arachnid found only in two Texas counties. The plaintiffs have been unable to utilize their own property for church group camping, 4-H markmanship, or other outdoor activities for fear of a "take" by the federal government for disruption of the spider's natural habitat.

If the Center is successful, this may be a catalyst for unraveling decades of overregulation in the areas of endangered species and private property rights.

Center staff have also petitioned for delisting of other formerly endangered species, and filed comments or briefs on the publishing of technical data of weaponry, as well as on the structural inefficiency of Texas' public education system.

Although the Center has only been in existence for a short time, Henneke and staff members wrote 22 opinion-editorial pieces that appeared in publications like the *Washington Times* and *Austin American-Statesman*, and online at The Daily Caller, TribTalk, and Fox News.

CAF and Texas Rancher Ken Aderholt Sue the Federal Government

Center for the American Future client Ken Aderholt raises cattle on a ranch along the Red River in Wilbarger County, Texas. His grandfather purchased the land in 1941. "It's been running through generations and was handed on down to me," Aderholt told a local television station in Wichita Falls, Texas. "I'm hoping that my two sons can someday take over the family business."

Aderholt and his family have paid property taxes on the land for many years, and have a deed and title in hand from the state of Texas.

The Bureau of Land Management now claims the federal government owns two-thirds of Aderholt's 900 acres, including his house.



Center attorney Joel Stonedale meets Supreme Court Justice Samuel Alito.



Property owner Ken Aderholt at the Red River.



Economic Freedom | Righting Financial Injustice

The Center for Economic Freedom works to free citizens from unwarranted government interference in the use and exchange of their property and possessions, and promotes a regulatory regime that enforces an honest, open marketplace without coercion or distortion.

Freedom to Work

The Center formed a coalition to strengthen Texas' right-to-work laws. The goal of the coalition is to bar government employers from siphoning an employee's wages for membership dues. The government shouldn't be a dues collector for unions, just as it shouldn't collect funds for charities of other private organization. The coalition is composed of multiple policy, business, and even labor organizations.



Vice President of Research Bill Peacock, also the director of the Center for Economic Freedom, presents at the Foundation's Austin Primer in June.

Land Use

Senior policy analyst Kathleen Hunker presented evidence to the Austin City Council showing how land-use regulations hurt housing affordability. Her testimony helped persuade council members to relax the city's ordinance restricting accessory dwelling units (also known as garage apartments).

Tort Reform

Some of the greatest victories for economic liberty in 2015 occurred in the area of tort reform. For example, asbestos litigation will now be required to have greater transparency by mandating clients' exposure history remain discoverable throughout legal proceedings, meaning manufacturers will not be saddled with damage awards in excess of their culpability. More importantly, funds set aside for asbestos victims can not be prematurely drained by claimants who had multiple avenues of relief.



Senior policy analyst Kathleen Hunker gives an interview.

Also, plaintiff attorneys can no longer investigate and disclose a defendant's net worth whenever a defendant claims a right to punitive damages.

Market Regulation

Center staff helped fight off attempts to tighten regulations on short-term consumer lending. Additionally, the discussion over a bill to ban the PUC from implementing a capacity market helped secure the victory over an earlier attempt by the PUC to install a capacity market with a \$4 billion electricity tax.

Center Activities

Work by the Center helped curtail some plans that would have created an uneven playing field in litigation, and kept an assault on financial liberty at bay. Staff also introduced a publication series on government transparency entitled "Spotlight," which chronicles the spending, powers and makeup of state agencies in order to inform the public where reform is needed. Commissioner George P. Bush and Rep. Greg Bonnen spoke at a Foundation policy primer about their experience in "cleaning up" runaway state agencies as part of the series' kickoff.

Center staff also met with, emailed, or called almost 600 legislators or their staff during 2015, and testified more than 50 times at the Texas Capitol. Nearly 45 op-eds, commentaries, and research articles appeared in the media including online at The Hill, National Review, TribTalk, Breitbart Texas, and in the *Dallas Morning News*. Their work reached an audience of more than 41 million people via print, television, and the Internet.



Education Freedom | Choice for All Children

The Center for Education Freedom champions market-based solutions to improve public education in Texas through school choice, competition, and greater spending transparency. Education freedom is the issue that formed the bedrock of the Foundation.

School Choice in America

Twenty years ago, there was only one school choice program in the nation. Now there are 45 programs in 23 states and Washington, D.C. providing educational options so all children, regardless of their ZIP code, have the opportunity to enroll in an excellent school.



Center for Education Freedom director Kent Grusendorf discusses why school choice is a good idea for Texas at the Foundation's Austin primer.

Center staff conducted extensive research on this topic in 2015, and published three dozen studies which were featured or discussed in just under 50 news stories, including the *Wall Street Journal*. Publication outreach continued via www.schoolchoice4all.com, a website developed for the 2015 session, which features interviews with families who demonstrate the need for school choice in Texas.

In order to move ideas into action, Center director Ken Grusendorf also co-founded an educational reform coalition of more than 30 schools and organizations that coordinated public action throughout the year. In order to move ideas into action, Center staff worked to continually maintain and expand the coalition in order to efficiently push for reform. Its membership includes:

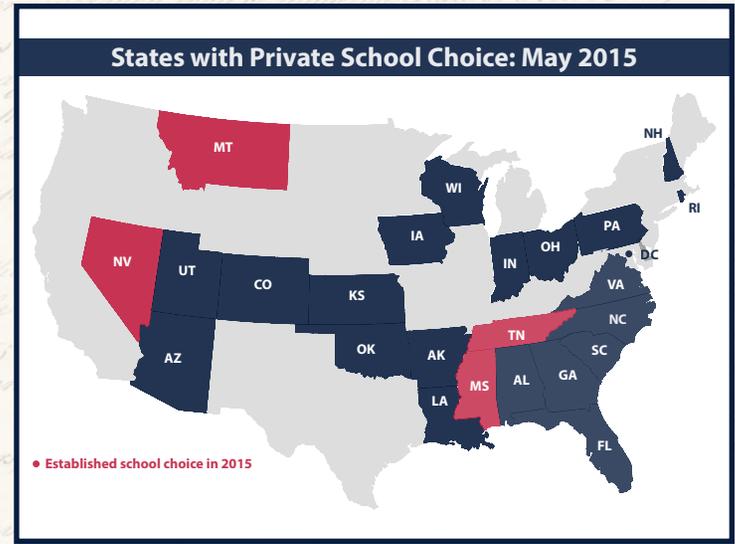
- Lt. Gov. Patrick's Office
- Families Empowered
- Texas Private School Association
- Texas Charter Schools Association
- Excel in Education
- Texas Association of Business
- Texas Business Leadership Coalition
- The Justice Foundation
- Institute for Justice
- The Libre Initiative
- Holy Cross High School, San Antonio
- St. Anthony High School, San Antonio
- Friedman Foundation for Education Choice
- Bowtie Boys, Dallas
- National Center for Policy Analysis
- Texas Institute for Education Reform
- Americans for Prosperity
- San Antonio Coalition for School Choice
- Woodlands Private School, Houston
- Dr. John Merrifield, UT San Antonio
- Heartland Institute
- Texas Homeschool Coalition
- State Republican Executive Committee
- Texas Catholic Conference
- Cristo Rey College Prep, Dallas
- Southern Christian Leadership Council
- Empower Texans
- New Life Christian Ministries, San Antonio
- Texas Leadership Coalition
- Steinhauser Strategies
- IDEA Charter Schools
- Holy Cross High School, San Antonio
- Black Educational Alliance Organization

Accountability

There was also an improvement on public school ratings. Under current law, public schools are given one of three accountability ratings by the Texas Education Agency: Met Standard, Improvement Required, or Not Rated. This provides parents little information about how their schools are actually doing. The Legislature improved that this session by passing legislation that requires the TEA to rate schools based on an A-to-F scale that will provide clarity for parents and communities.

Center Activities

In an effort to educate legislators about the benefits of education freedom, staff members testified on 10 bills last year. They also wrote eight publications, gave interviews, and made videos that were covered by 221 media outlets, reaching an audience of 29 million.





Effective Justice | **Championing Conservatism**

The Center for Effective Justice provides policymakers with analysis, research, and evidence-based policy recommendations to reduce the negative human and economic impact of crime on victims and communities. The Legislature passed several criminal justice reforms that can save Texas hundreds of millions of dollars.

Orders of Nondisclosure

In a first for Texas, the Legislature expanded the eligibility for orders of nondisclosure for adjudicated, first-time, low-level misdemeanants that encourages ex-offenders to successfully complete community supervision rather than choose a short state jail sentence. Also, by allowing judges to award participation credits to state jail inmates, offenders will be able to take ownership of their own rehabilitation process and may earn time off of their sentence by successfully completing programs or training.

Other changes include better facilitation in ex-offenders' redemption and reintegration into the community, incentivization of compliance with the law, and terms of supervision. Property offense thresholds will now be raised, allowing victims to be made whole more easily, and saving the state millions.

Overcriminalization

The Legislature codified the common law rule of lenity, and also established a commission to review laws outside of the penal code to recommend redundant or unnecessary laws for removal.

Texas children also benefited, seeing the decriminalization of truancy and the requirement that schools do more to keep kids in the classroom without resorting to the criminal justice system.

Occupational Licensing

Texasans hoping to make a living as barbers and cosmetologists will now enjoy less licensing restrictions, while more than a dozen licensing increases were kept from becoming law.

Center Activities

Criminal justice reform is definitely a hot-button topic as Center staff testified on 94 bills at the Capitol last session. Its popularity was also evidenced by the 1,430 times the media covered commentaries, interviews, and the 18 publications written by Center staff members, reaching 334.5 million readers and viewers. Of that, approximately 36 million people read the nearly 70 op-ed pieces written by staff.



Center for Effective Justice director Marc Levin testifies before the U. S. House of Representatives in Washington, D.C.



TPPF's Right on Crime (ROC) initiative enjoyed another year of success exporting the Texas model of criminal justice reform around the country. ROC now has full-time staff heading up both its federal policy initiatives as well as a new project aimed solely at bringing criminal justice reform to Oklahoma. Staff also supported efforts in 40 states including major efforts in Michigan, Maryland, Ohio, Tennessee, and Pennsylvania.

Congress was deliberating several different measures aimed at replicating the successes seen in state criminal justice reform, therefore, chances for passing major reforms at the federal level are high.

Marc Levin, policy director for Right on Crime and the Center for Effective Justice, traveled the nation extensively, speaking at numerous events and testifying before the U.S. Congress (at left).

In addition, ROC personnel testified before the U.S. Senate as well as the Tennessee and Pennsylvania Senate Judiciary Committees on criminal justice reform and mental health's intersection with the criminal justice system. Senior fellow Jerry Madden even provided conservative criminal justice reform presentations across the sea at various fora in Australia as well as testifying before the Alaska legislature. ROC also held a national webinar on civil asset forfeiture in Washington, D.C.

Finally, a senior researcher was approved to join ROC who will focus on advancing conservative policing policies that examine the difficult tension between public safety, liberty, and justice, and develop recommendations during the coming year.

Energy & Environment | Keeping Liberty's Light Shining

The Armstrong Center for Energy and the Environment (ACEE) champions market-based stewardship of natural resources, and provides principled solutions to environmental challenges.

Clean Power Plan

Last summer, the EPA published one of its most controversial rules to date: the Clean Power Plan. This plan marks one of the most expansive and unconstitutional increases to the authority of a federal agency, under the guise of reversing the effects of supposed climate change. The federal agency's proposed rule would require closing over half of the state's coal-fired electricity-generating units, costing billions, with much of this expense borne primarily by Texans. It would also endanger the reliability of electricity across the state, all for a paltry reduction in global temperature of only 0.02° C. Fortunately, all bills in favor of the Clean Power Plan or bills that sought long-term multi-agency planning for the effects of alleged climate change failed in committee.

Fracking

The 84th Legislature drove nails into the coffin of municipal fracking bans with the help of a study on fracking facts, dispelling myths associated with it and supporting the practice. The state now expressly preempts municipal governance of oil and gas regulations, leaving municipalities only the ability to regulate surface activity in a commercially reasonable manner, based on a reasonably prudent operator standard, so long as their regulations do not de facto ban oil and gas operations. Legislators paid heed to Governor Abbott's call that Texas not begin to look like a quilt of patchwork municipal bans and took steps to stop harmful regulations that inhibit

the economic stimuli, enabling Texas to continue to take advantage of its natural resources that have played such an important role in the Lone Star State's economic growth.

Fueling Freedom Project

An interstate coalition formed to oppose the EPA's rule to steal state primacy over the regulation of carbon dioxide emissions from new and existing electric power plants was up and running in 2015. Read more about this spin-off project on page 15.

Crossroads Summit

Last November's Crossroads Summit, which was created in part by the Armstrong Center for Energy and the Environment, may expand to other states in 2016. More information about the Summit can be found in Events on page 17.

Center Activities

Center director Kathleen Hartnett White has been hard at work with co-author Stephen Moore of the Heritage Foundation, completing their manuscript entitled *Fueling Freedom*, which is scheduled to be published in 2016. Staff also published more than 60 op-eds, in addition to publications and interviews that reached almost 200 million readers and viewers who are interested in the EPA's Clean Power Plan, which was the topic of a Center-sponsored event last

year. They also interacted with nearly 120 legislators or their staff in person, or by email or phone, and testified 11 times on various issues.

White not only participated in the Center's "Switch Off Washington" primer that explored how carbon regulations will impact Texans, the economy, and the world, but she also was invited by Chairman Lamar Smith to testify at "Zero Accountability: Impacts of Politicized Science," before the U.S. House Natural Resource Committee, where she shared her expertise on the endangered species list and the federally protected whooping crane.



Patrick Moore, a co-founder of Greenpeace in 1971, disputes the theory that CO₂ is harmful to the environment at the 2015 Crossroad Summit.



Fiscal Policy | Conservative Money Measures

The Center for Fiscal Policy advances prosperity through good stewardship of taxpayer dollars and promotes the principles of responsible taxation.

Conservative Texas Budget

The efforts of the Conservative Texas Budget Coalition (consisting of the Foundation and 14 other member organizations) paid off, as the 2016–17 budget made history. The 84th Legislature passed a state budget that increased by less than 4 percent, and cut taxes and fees by \$4 billion, which was more than sufficient to meet the needs of the state for transpor-



tation, education, health care, and border security. This total is much less than the 6.5 percent limit the Coalition had proposed, and is a great victory for fiscal conservatives as well as for the people of Texas.

Tax Relief

As mentioned, the Legislature passed a historic tax and fee relief package while meeting the needs of the state and still leaving money on the table for a rainy day. The final budget package follows the Foundation’s peer-reviewed research on the economic benefits of eliminating the franchise tax. While not eliminated, the franchise tax rates were permanently cut by 25 percent and the maximum revenue for a business to be eligible to file the E-Z form was raised to \$20 million at a lower 0.331 percent tax rate for a total value of \$2.6 billion.

Another important component was much-needed property tax relief to the tune of \$1.2 billion. To safeguard against possible erosion of this relief, the Legis-

lature also enacted a law that requires local governing bodies to meet a 60 percent supermajority in voting to pass any rate increase above the effective rate.

Beyond the franchise and property taxes, the Legislature reduced or eliminated fees of \$200 million. This will decrease the reliance on dedicated accounts for the comptroller to certify the state budget as fewer of these dollars will be available.

Center Activities

Staff was extremely busy as its members met with, called or emailed more than 800 legislators or their staff in 2015. They also testified on 13 bills, and wrote 31 publications over the course of the year. These publications, as well as interviews and videos were covered by almost 600 media outlets, reaching nearly 177 million people; 35.6 million of which were reached by op-ed pieces alone.

Staff members also authored more than 125 op-eds that appeared in publications like *Investor’s Business Daily*, *Washington Post*, *Dallas Morning News*, *Fort Worth Star-Telegram*, the *Houston Chronicle*, *Austin American-Statesman*, and the *San Antonio Express-News*, as well as online at Fox News, Forbes.com, the Texas Tribune, the Morning Consult, Daily Caller, Real Clear Policy, and Breitbart Texas, among others.



CFP director Talmadge Heflin speaks at an Austin primer at far left. Economist Dr. Vance Ginn visits with an attendee at TPPF’s “Wage Wars” primer in the Red McCombs Event Center.

Health Care Policy | More Affordable Quality Care

The Center for Health Care Policy promotes a competitive private health care market with choice for consumers, lower prices, and improved quality. While Obamacare has been a roadblock to success, the Center achieved its major health care goal in 2015 when the Legislature declined to expand Medicaid — a big win for the state of Texas.

Medicaid

Resisting the expansion of Medicaid under the Affordable Care Act remained a priority this session. Texas lawmakers did not implement the Act, despite pressure from a coalition of hospitals, providers, chambers of commerce, county judges, school districts, and advocacy groups.

Center director John Davidson and Foundation economist Dr. Vance Ginn published a major study modeling the cost of specific Medicaid reforms that could be enacted with a block grant using state enrollment and cost data. They presented the paper at the annual ALEC conference and at the Foundation's Policy Orientation, supporting it with online op-eds in NRO, Forbes.com, Real Clear Policy, and also in the *Austin American Statesman*.

In addition, the *Wall Street Journal* published Davidson's op-ed titled, "Obama's Medicaid Extortion Gambit," about the administration's effort to coerce states into expanding Medicaid. He was also interviewed about Medicaid expansion in Texas by several media.

Sunset Review

Another major priority was the Sunset Advisory Commission's review of Texas' five health and human services (HHS) agencies, which had not been through sunset review in 16 years. Center staff was invited to

vet the Sunset Commission's 2,200-page "code cleanup" bill before it was introduced in the Legislature. The bill passed, clearing the way for the five substantive sunset bills. Staff remained involved throughout the sunset process, working to get solid reforms into the five bills and shepherding them through the state's legislative process.

Four of the bills passed, but unfortunately, the Department of Aging and Disability Services (DADS) Sunset bill did not. It contained a provision to mandate the closure of the Austin State-Supported Living Center and create a commission to evaluate the other 12 centers across the state for closure or consolidation. As the Foundation has long advocated, Texas' costly and outdated institutions for individuals with intellectual and developmental disabilities should be closed. Texas maintains more large, state-run institutions for people with these disabilities than any other state and has the largest institutionalized population in the country.

Scope of Practice

The Center also supported expanding the scope of practice for numerous medical provider groups, including nurse practitioners and dental hygienists. Staff also introduced model legislation at ALEC and is part of a legislative working group developing legislation during the interim.

Mental Illness Issues

The Center's mental health fellow and policy analyst Kate Murphy was one

of just three people in the country invited to Washington, D. C. to educate the staff of key congressional leaders on issues involving the overincarceration of people with mental illness. She also presented at the Texas Council Conference on mental health policy issues in the state, and shared her research on legislation affecting the mentally ill.

Center Activities

The media kept health care topics in the spotlight in 2015, and featured several interviews and 51 op-eds, as well as 18 publications, which reached more than 10 million people. Center members also met with 161 legislators or their staff, and testified at the Capitol 28 times. Publications on topics like Medicaid, mental health, and telemedicine, among others, reached an audience of nearly 64.5 million people.



Texas Department of HHS Executive Commissioner Chris Traylor makes a point during the Foundation's primer on state-supported living centers.



Higher Education | Lower Cost, Better Outcomes

The Center for Higher Education champions a system of student-funded higher education that is more affordable, easily accessible and of a higher quality.

Successful Reforms

The Texas College Work-Study program was reconfigured to enable work-study students to work in the private sector. Colleges/universities will be required to find private employment options for at least 20 percent of work-study students, enabling the program to serve more students, and making it more useful by providing real world experience to augment classroom learning.

Also, university websites will be required to carry certain employment information relevant to the in-

stitution, providing students with additional resources to help them determine the value of the education they are considering undertaking.

Homeschooled students without a graduating class will now be on equal footing with traditional secondary students when applying to college, as the Legislature approved to grant them an approximate class rank based on standardized test scores compared to other undergraduate applicants' similar test scores.

Center Activities

Center director Thomas K. Lindsay continued his work as a regular contributor to Forbes.com on higher education issues, while Center staff authored seven publications and 28 op-eds. Higher education publications and interviews in general were published by 162 media outlets in 2015, and viewed by more than 39 million

people. Staff also promoted affordable baccalaureate programs in interviews with the *Dallas Morning News*, *Daily Tar Heel*, *San Angelo Standard-Times*, KVUE, KTRH-Houston, and KLBJ.

In addition, the Center's website (www.SeeThruEdu.com), added over 100,000 Facebook "likes" in 2015. The new total of 180,000 likes places it among the highest totals for higher education websites.

Center staff interacted with 410 legislators or their staff last year, and testified seven times. Lindsay also testified before the Arkansas State Legislature's Higher Education Task Force and presented policy recommendations to both lower the cost of college and to raise learning outcomes.

The Center also hosted two higher education events: the Western Civilization Summit, in conjunction with Texas Tech University; and the Courageous Learning conference, which explored the promise

of competency-based programs combined with online learning. Read more about the Summit on page 16.

At far left, Center for Higher Education director Thomas K. Lindsay introduces a panel at the Western Civilization Summit, held in conjunction with Texas Tech University's Department of Western Civilization.

Ohio University's Dr. Richard Vedder speaks on how important it is for today's students to understand how history helped shape our current government.



Local Governance | By The People, For The People

The Center for Local Governance seeks to engage elected officials and the public on local issues. The Center focuses on helping cities, counties, and school districts overcome their most pressing public policy challenges using best practices, efficiency, and transparency.

Property Taxes

Texas' property tax burden is among the highest in the nation, and conservatives in the Legislature took some meaningful steps to ease the load on taxpayers. Center staff helped pass legislation to increase the homestead exemption for school district property taxes, which voters overwhelmingly approved in November 2015. In addition, the boards of local governing bodies are now required to achieve a supermajority before raising property taxes. This relief combined with reform should offer some respite for struggling homeowners and businesses.

Local Debt

Texas has the second-highest local debt per capita among the mega-states; fortunately, much needed reforms were put in place to help restore fiscal discipline. One such reform was aimed at reining in certificates of obligation which are nonvoter approved debt instruments. Local governments can no longer issue a certificate of obligation for a particular project if voters have rejected a bond proposition for the same purpose within the preceding three years.

In addition, lawmakers also put stringent new requirements on capital appreciation bonds which allow local governments to borrow now and defer principal and interest payments for decades. School districts, in particular, were abusing capital appreciation bonds to get around the 50-cent debt test

which limits the amount of debt that school districts can take on.

Conservatives were successful in stopping some school districts — which are the most heavily indebted type of local government — to get even further into debt by relaxing the 50-cent debt limit, but the bill was stopped in the House.

Lawmakers also took steps to slow the practice of “rolling polling,” when local governments selectively move polling locations during the early voting process to target certain voting populations to boost their chances at achieving a particular outcome.

Center Activities

In the Center's first-ever legislative session, staff touched base with nearly 200 legislators or their assistants, and published almost 20 articles on issues like property taxes, local debt, annexation, over-regulation, and public servant retirement plans. In addition, staff members also authored 85 op-eds in various media outlets, reaching almost 18 million readers and online viewers.

Banking on Gov. Abbott's comments about “the California-ization of Texas,” the Center helped spark a robust debate on local control versus local liberty which served as the backdrop for the passage of a measure to prevent Denton-style fracking bans from taking root in the Lone Star State.

The Center also partnered with former U.S. Senator Phil Gramm to create video content speaking to the ills of forced annexation. The video was first unveiled at the Center's August 2015 policy primer on annexation, “The Great Texas Land Grab,” and has been widely distributed and cited since.



The Honorable Phil Gramm discusses annexation in a video shot for the CLG's primer on “land grabs” held at TPPF.

At top, Texas State Senator Donna Campbell speaks about annexation in San Antonio at a Center for Local Governance primer event held in TPPF's Red McCombs Event Center.





Tenth Amendment Action | **Fighting Overreach**

The Center for Tenth Amendment Action educates policymakers and the public on the need to restore the Constitutional balance between the states and the federal government.

Federal Overreach

Those who are alarmed over growing federal encroachment on the states and their citizens found a plethora of reasons to condemn U.S. Supreme Court Chief Justice John Roberts' opinion for the majority in *N.F.I.B. v. Sebelius*, the 2012 decision upholding the Affordable Care Act. But less noticed by such defenders of the Tenth Amendment is that Roberts' opinion also offers a practical road map for state resistance to federal overreach. Roberts wrote as follows:

In the typical case we look to the States to defend their prerogatives by adopting “the simple expedient of not yielding” to the federal blandishments when they do not want to embrace the federal policies as their own. The States are separate and independent sovereigns. Sometimes they have to **act like it.** (*emphasis supplied*)

Texas has a proud history of “act[ing] like it,” and the 84th Legislature worked to take the next steps in defending the state and its citizens from unlawful encroachments by the federal government.

Center Activities

Thomas K. Lindsay, Center director, shared his views on the balance of local and federal power as a regular contributor to Real Clear Policy, and authored seven articles.

He also testified 21 times, including in support of legislation that called for Texas to apply “to the Congress of the United States to call a convention under Article V of the Constitution for the purpose of proposing one or more amendments to the constitution to impose fiscal restraints on the federal government, to limit the power and jurisdiction of the federal government, and to limit the terms of office of federal officials and members of Congress.” The measure passed in the House. Although it failed to make it through the Senate in 2015, it set the stage for Governor Abbott’s call for a Convention of States to amend the Constitution in 2016.

One interesting challenge Lindsay accepted was to make a presentation to a group of reformers from Ukraine. There, he reviewed the country’s current Constitution and made recommendations about how it could be revised to enhance the protection of individual liberty, promote limited government, and liberate the economy.



Doug Domenech, director of the Fueling Freedom project, welcomes attendees to a panel on energy poverty at the Crossroads Summit.

Fueling Freedom

As the director of TPPF’s Fueling Freedom project created in 2015, Doug Domenech hit the ground running by organizing a coalition to oppose the Environmental Protection Agency’s rule to steal state primacy over the regulation of carbon dioxide emissions from new and existing electric power plants. The rule threatens double-digit increases in power rates, accomplishes little or no environmental benefit, and is unconstitutional. Therefore, it is no surprise that more than half of the states, along with industry groups and utilities, are suing the EPA.

Since the rule requires states to comply by September 2016, Domenech is working to organize state opposition. This includes working with the State Policy Network to create a state toolkit and model legislation that restricts states from complying until the rule has been fully litigated. Project staff will continue to provide policy analysis on the rule, encourage legal challenges to the rule and communicate how it hurts middle- and lower-income families.

Because of the success of the second “At the Crossroads Energy and Climate Summit” in November, Domenech anticipates expanding the conference to other states and media. He also began working on expanded ways for the Fueling Freedom project to creatively reach out to new and younger audiences on the truth about climate change and energy production.

Also, years of work will be culminated in the 2016 release of Kathleen Hartnett White and Stephen Moore’s book, *Fueling Freedom*, to be accompanied by a major media effort.



Foundation Events | Enhancing the Vision



Governor Rick Perry and Newt Gingrich



Governor-Elect Greg Abbott



13th Annual Policy Orientation

Despite moving into a new building, there was no time to rest; outreach grew along with Foundation centers, and all members of the staff pitched in to create several memorable moments in 2015.

13th Annual Policy Orientation

Nearly 900 legislators, appointed officials, government executives, legislative staffers, sponsors, stakeholders, media, bloggers, and activists participated in a record-breaking 35 unique policy panels, plenary discussions, and lectures at the 13th Annual Policy Orientation. Attendees of this year's program had the honor of listening to keynotes like media mogul Steve Forbes; 50th Speaker of the House Newt Gingrich, Gov. Rick Perry, Lt. Gov.-Elect Dan Patrick; economist Dr. Arthur Laffer; Governor-Elect Greg Abbott; and former U.S. Senator Phil Gramm, in addition to more than 90 panelists.

As a result of the event, the level of awareness of Foundation activities grew to an audience of more than 28 million. Nationally, the Associated Press ran several stories over the wire, some of which were picked up by the *New York Times*, *Washington Times*, and the *Wall Street Journal*. Online coverage included Bloomberg, the Texas Tribune, and Breitbart Texas, totaling 314 stories about the conference. Foundation social media impressions grew exponentially over last year, boasting more than 10,000 unique social media mentions and generating 20 million views.

Western Civilization Summit

Last June, the Foundation, in conjunction with the Institute for the Study of Western Civilization at Texas Tech University, hosted a summit on Western civilization where scholars from across the country came

together to discuss the importance of expanding the study of this specific discipline. From the philosophical foundations of democracy and the republic through the development of rational thought and the realization of free will, the audience learned how these foundations and concepts helped to create free, tolerant Western societies. The Hon. Kent Hance, former U.S. congressman and chancellor emeritus of Texas Tech University, keynoted the luncheon.

Following lunch, participants reconvened in the Hogsett Theater for a bonus program — a screening of the short documentary, “Courageous Learning,” which showcases the success stories of non-traditional students who earned online degrees. Afterward, a panel of innovators shared how they are currently helping students gain a more cost-efficient post-secondary education in less time.

Primers

The Foundation hosted a total of eight policy primers in 2015 that showcased efforts to promote its mission of limited government, free market principles, and personal responsibility. Three of these events were part of the traveling primer series that hosted center analysts as the panelists who discussed the outcomes of the 84th Legislative Session. These primers took place in Austin, Dallas, and Houston.

The primer series covered a wide variety of different policy areas this year, from tax and expenditure limits, and mental health in criminal justice, to forced annexation. Panelists ranged from elected and appointed officials to policy experts to individuals personally affected by the cause. Notable panelists included Commissioner George P. Bush, Senator



Donna Campbell, Senator Van Taylor, among others. On average, these policy primers each hosted around 100 attendees. The primers also allowed for question-and-answer sessions with panelists, all of whom sparked engaging and enthusiastic responses from those in attendance.

26th Annual Gala

On November 6th, the Foundation held its 26th Anniversary Gala at the George W. Bush Presidential Library and Museum in Dallas, raising almost \$250,000. Approximately 300 guests enjoyed a wonderful celebration headlined by keynote speeches from Hall of Fame football coach Lou Holtz and Texas Lt. Gov. Dan Patrick. More than 20 state representatives and senators attended, along with Congressman John Ratcliffe and Attorney General Ken Paxton. Two important donors were recognized during the evening; Doug Deason, for his work on and support for criminal justice reform; and Billi Jean Murphree, in honor of her and her late husband Terence Murphree's many contributions to TPPF.

Crossroads Summit

Texas Public Policy Foundation hosted its second annual "At the Crossroads: Energy and Climate Policy Summit" at Liberty's New Address on November 19th and 20th. The two-day conference was chock full of the nation's most acclaimed thinkers, scholars, and policymakers who were brought together to analyze the energy revolution and distinguish fact from myth. Approximately 200 guests were in attendance, with an additional 2,000 viewing live online.

The event opened with a special video message from Senator Ted Cruz praising the Crossroads Summit

CEO Robert Murray, Crossroads Summit keynote



for broadcasting the truths about climate change and the Clean Power Plan. Attorney General Ken Paxton then delivered opening remarks regarding the importance of Texas' lawsuit against the Environmental Protection Agency, followed by a keynote speech by Robert Murray, the founder and CEO of Murray Energy Corporation, the nation's largest underground coal mining company. Additional keynote speakers included Mark P. Mills; United States Congressman Lamar Smith, chairman of the House Science, Space, and Technology Committee; and United States Senator John Cornyn, as well as a book preview of *Fueling Freedom: How Abundant Energy Has Transformed the Human Condition and Released Billions from Poverty*, followed by a discussion with authors Kathleen Hartnett White with the Foundation, and Stephen Moore of the Heritage Foundation.

These keynote addresses were in addition to special remarks delivered by industry leaders Jim Henry and Bud Brigham, and seven panel discussions with more than 20 world-renowned energy experts.

The conference garnered impressive media coverage with 235 media hits and 47.3 million impressions, and was covered by news outlets including the Hill, Fox News, Politico, and the *Washington Examiner*.



TPPF's Vance Ginn with Robert Bradley and Stephen Moore



Gala keynote Coach Lou Holtz with Sen. & Mrs. Bob Hall



The Hon. Allen West with The Hon. Pat Fallon



Communications | Heard 'Round the World

The Texas Public Policy Foundation's communications achieved its biggest year to date in 2015. Taking the message of liberty, personal responsibility, and free enterprise across Texas, the nation, and even the world, communications efforts garnered coverage an astonishing 7,196 times to an audience of more than 1.2 billion around the globe. These incredible numbers belie what one might expect from a nonpartisan think tank based deep in the heart of Texas.

The year began with the 13th Annual Policy Orientation, which jump-started the Foundation's media coverage with over 450 mentions by news outlets like the Associated Press, the Lone Star's "big five" newspapers, the *Washington Times*, and the *New York Times*.



In February, the communications team launched a redesigned www.texaspolicy.com website, which won the 2015 SparkFreedom Trendsetter award at the State Policy Network Annual Meeting in Grand Rapids, Michigan.

Last fall, the Foundation hosted its second annual At the Crossroads: Energy and Climate Policy Summit, which brought together the brightest and most eminent minds on energy and climate change. Panels discussed the path forward from the crossroads between the transformative energy revolution and coercive federal mandates. Media coverage of the event tripled last year's publicity, with 230 stories in the *Austin American-Statesman*, *Houston Chronicle*, and *Washington Examiner*, as well as online at the Texas Tribune, Politico, and via the Associated Press. Additionally, more than 2,000 people tuned in to the live stream of the panels and keynote speeches online.

The Foundation also created and released a video, *Red River Property Rights*, for its newly formed Center for the American Future. The video went viral with nearly 1 million views in two months. In support of the Foundation's first-ever lawsuit against the federal government, the original video tells the story of the families who are at risk of losing their ranches, farms, and homes along the Red River in Texas and Oklahoma to the federal government in an unconstitutional land grab by the Bureau of Land Management.

The Foundation's scholars penned 503 opinion-editorials at a rate of 1.4 op-eds each day. The quality of the Foundation's work has made its commentaries desirable to a range of media. Currently, agreements are in place to provide regular commentaries for the *Austin*

American-Statesman, *Washington Examiner*, *McAllen Monitor*, and *Midland Reporter-Telegram*; and online at the Texas Tribune, The Hill, Morning Consult, Forbes.com, Breitbart, and Real Clear Policy.

Overall, 2015 set a new bar for Foundation communications as the message of freedom and prosperity resonated across the Lone Star State and our great nation, shattering previous communications records.



Above, Foundation executive director Arlene Wohlgemuth is interviewed during Policy Orientation.

At left, Cody Jo Bankhead accepts the 2015 SparkFreedom Trendsetter Award at the SPN annual meeting on behalf of the Foundation's Communications department.



At left, Center for the American Future lead counsel Robert Henneke is interviewed about the BLM lawsuit.



Above, Center for Local Governance director James Quintero is interviewed on TPPF's Governor Rick Perry Liberty Balcony.



At far left, Center for Higher Education and Center for the Tenth Amendment director Thomas K. Lindsay grants an interview with the media, as does Center for Health Care Policy director John Davidson, lower right, for Austin news station KXAN.





Development | Investing in Liberty

Sure I am this day we are masters of our fate, that the task which has been set before us is not above our strength...As long as we have faith in our own cause...victory will not be denied us.

— Winston Churchill

An investment made in the Texas Public Policy Foundation is an investment in the future of liberty. The Foundation has become one of America's premier think tanks, leading the way in promoting and defending liberty, personal responsibility, and free enterprise in Texas and the nation. Although it is centered upon a single state, because of its extraordinary effectiveness, the Foundation has assumed national relevance. Its work is made possible by the generous support of thousands of Texans and Americans who are truly leading the restoration of America's founding values across this great nation.

As Texas and TPPF have grown more prominent together, the Foundation's mission to free markets and men has extended to the other 49 states. From litigation, to energy, to the environment, federalism, criminal justice reform, the state budget, and beyond, its staff is defending liberty in the best tradition of both the Texas and American Revolutions. And victory is only made possible when patriots equip this Foundation for its daily tasks.

Liberty's New Address

One of the biggest milestones of 2015 was the grand opening of the purpose-built headquarters building on April 21, San Jacinto Day. The Michael S. Stevens building stands at 901 Congress Avenue, a permanent monument to and a workshop for liberty,

just two short blocks from the Texas State Capitol. This state-of-the-art office has been constructed specifically to meet the needs of Foundation policy experts, and is equipped with the spaces and the technology needed to host world-class events and to stream and share information with a wider audience than ever before.

In the months following the Grand Opening, the new headquarters has hosted events on almost a weekly basis, ranging from high-profile conferences to academic summits, vigorous debates, documentary screenings, book signings, dinners, legislative briefings, candidate trainings, outreach events, social events, and more. The building is the home base for a mission of freedom, starting in Austin, Texas, and reaching out to the world. Investments in this building have forged a cornerstone for liberty: both literally and figuratively, as the Foundation builds up and out from here into a new level of prominence and effectiveness. What starts at 901 Congress changes the face of this nation.

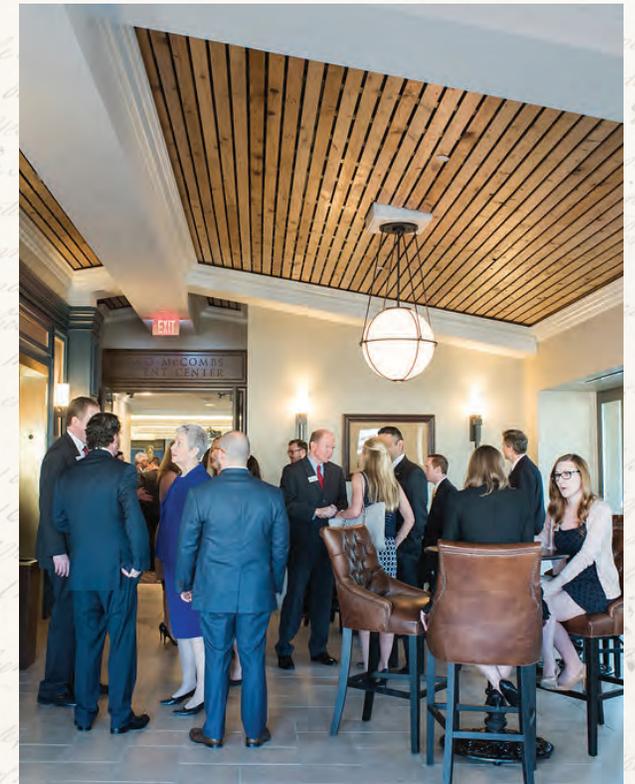
Truly, this monument to liberty belongs to the people of Texas. This is the home of liberty, and of the generous men and women who give to uphold, strengthen, and preserve the core values of freedom, opportunity, and prosperity on which Texas — and the United States — are founded.

Faith in the Cause

To those who partnered with the Foundation in 2015, thank you! Generous, private donations are truly the lifeblood of this organization. Those who give to the Foundation supply the work necessary to implement world-class policy solutions and to re-

store the treasured ideals of American liberty to life. It is these individuals who enable the Foundation to meet the task ahead with valor.

With a track record of real policy change, coupled to a dynamic, record-breaking media presence, all based in a new, permanent home, the Foundation is illuminating the entire nation with the light of the Lone Star. The Texas Public Policy Foundation and its donors — the American people — are the true masters of this country's fate when we join together and maintain faith in the cause: liberty.







Finances | Responsible Stewardship

The Texas Public Policy Foundation staff is committed to fiscal responsibility by doing the greatest good with the least amount of resources possible. We are indebted to those who give so freely, allowing us to focus on the fight for Texas' and the nation's freedom.

BALANCE SHEET

Assets

Cash & Receivables	\$4,099,452
Prepaid	\$47,017
Property & Equipment	\$16,619,749
Total Assets	\$20,766,218

Liabilities

Current Liabilities	\$187,286
Deferred Revenue	\$203,035
Long-Term Liabilities	\$5,783,237
Total Liabilities	\$6,173,558

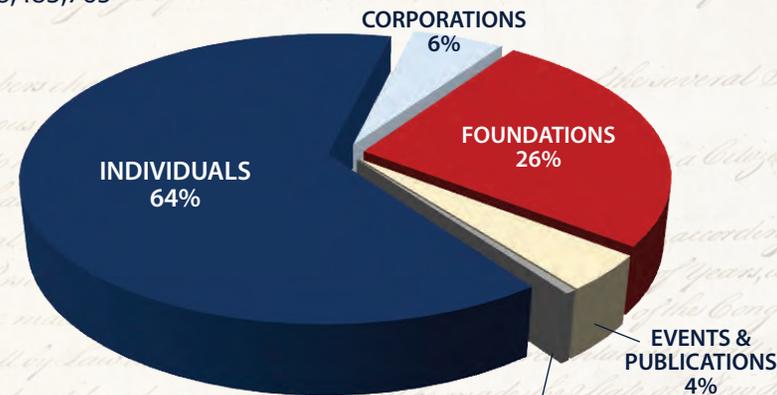
Net Assets

Equity – Prior Years	\$11,145,087
Equity – 2015	\$3,447,573
Total Net Assets	\$14,592,660

Total Net Assets & Liabilities	\$20,766,218
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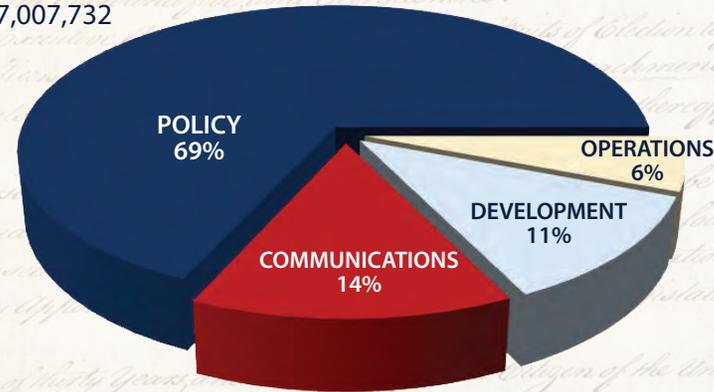
OPERATING REVENUE

\$8,483,765



EXPENSES

\$7,007,732



All financial data is subject to review by independent audit.



Staff | **21st Century Freedom Fighters**



On behalf of the entire staff of the Texas Public Policy Foundation, thank you for your enduring commitment to freedom. It is only with your support that we can lift Texas up as a beacon of liberty and secure prosperity for generations to come.

The Texas Public Policy Foundation is a 501(c)3 non-profit, non-partisan research institute that was established in 1989 to improve Texas by generating academically sound information about state problems and recommending efficient, effective solutions.

The Foundation's mission is to promote and defend liberty, personal responsibility, and free enterprise in Texas 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.

