

L I B E R T Y

A T E V E R Y

L E V E L



2018 ANNUAL REPORT



**Texas Public Policy**  
Foundation

# LIBE



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# RTY

**H**ere at the Texas Public Policy Foundation, shaping Lone Star policy always has been, and remains, the heart of what we do. Yet in our 30th year, our fight for freedom now takes us from town halls in Texas to the marbled halls of Congress.



The foundation of the Foundation will always be state work. But as America's founders proved, liberty is not an idea you can confine. What good does it do to protect liberty at the state level if we allow its abuse by counties, cities, and local tax entities? Similarly, we must stand against federal overreach that invades even the most personal aspects of individual freedom. Our state serves as an example of liberty and a counterpoint to Leftist states, so we should share that model from the state house to the White House.

That's why this year we began a regular email update called "Liberty at Every Level" to share those fights and those victories with you. In addition, that's the theme of this year's report, because "liberty at every level" is our guiding philosophy every single day.

Our work would be impossible without the support of Texans and Americans across the nation. Thank you to all who make our work possible! We cherish your trust, and are honored to nurture those principles which constitute the foundation of American greatness.

In this year's report, you will find just a few examples of our successful mission to promote liberty at every level. Enjoy this brief celebration of 2018—and preview of what's ahead in 2019 and beyond.

Sincerely yours,

Kevin D. Roberts, Ph.D.

Executive Director



# LOCAL LIBERTY

AS THE SAYING GOES, all politics is local. At TPPF we argue that liberty is local as well. Here are a few examples of the many ways we are fighting overreach from city and county governments.



Rob Henneke, director of the Center for the American Future, explains TPPF's challenge to Austin's mandatory paid sick leave ordinance and why it is bad for employers and employees.

## Mandating Paid Sick Leave Policies

TPPF's litigation arm, the Center for the American Future, represents a coalition of business associations, including the Texas Association of Business, the National Federation of Independent Business, and the American Staffing Association. TPPF won a major victory for business owners and their employees when the Texas Court of Appeals for the Third District granted a stay against Austin's mandatory paid sick leave.

Without this stay, Austin business owners would incur significant costs from implementing the requirements of the ordinance while its legality was in serious doubt. Leave policies are best negotiated between employer and employee without the imposition of a one-size-fits-all mandate from a city.

Stopping the Austin sick leave policy is essential not only to protecting business owners and workers in the capital city, but also in stemming the tide of similar mandates in other Texas cities.

## Ending a Bad Deal for Texans

Local property tax abatements are often viewed as a positive part of the modern economic development process, but they often hurt taxpayers more than help, especially when it comes to renewable energy subsidies. Data from the Texas Comptroller indicates the annual cost of Chapter 313 renewable-energy tax abatements to Texas state taxpayers is now \$440 million, and the estimated cost has more than doubled over just the past two-and-a-half years. Such abatements collectively support very few jobs, and years of experience show they actually make the Texas electric grid less reliable.

TPPF's campaign to end renewable subsidies traveled to hear directly from people all across the state affected by these deals, so we could tell their stories. In fact, citizens in Brownwood actually called on TPPF to help educate citizens about potential risks of subsidizing a wind turbine project in the area.

Our research shows how Chapter 312 and 313 tax abatements benefit the wealthy at the expense of other Texans, especially when it comes to renewable energy subsidies. The Legislature has an opportunity to sustain the Texas Model by allowing the provisions to expire, and TPPF is making the case for just that result.

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## Let the Sun Shine

Local governments often govern best because they are the closest and most likely to be responsive to the people they serve. Such accountability only works, however, when government is open and the process is clear. At TPPF we fight for voters to have the truth, whether that be the details of high-dollar contracts, the actual cost of taking on public debt, how local hotel taxes are used, or the true details of a renewable energy contract.





TPPF holds a press conference in the House Speaker Press Conference room on government transparency.

In March, TPPF hosted an event with journalists, elected officials, and groups from across the political spectrum to highlight the need for transparency in government. This broad coalition is united to bring greater government transparency and institute real reforms this session.

court's reaffirmation that cities may not pursue their policy goals by any means possible but must respect the rights, freedoms, and protections of the residents.

### Bag it Up

In June, the Texas Supreme Court struck down the City of Laredo's bag ban, citing its conflict with state law. This case, in which TPPF weighed in with an *amicus* brief, had little to do with the merits of plastic bag bans, and everything to do with reining in city governments willing to overstep established state protections. While the case itself was specific to Laredo, the decision effectively shut down similar bag bans across the state. TPPF is proud to support the



James Quintero, who leads the Think Local Liberty project, explains why bag bans were struck down.

# MEDIA REACH

With more than 12,000 mentions last year, the Texas Public Policy Foundation is outpacing even national policy groups when it comes to media exposure. From local paper to national network news and through our own products such as videos and podcasts, TPPF is taking our message directly to concerned citizens. By bringing our research and principles to life, we can educate the public, influence leaders, and define the parameters of the debate.





# TEXAS SUCCESS

THE TEXAS LEGISLATURE was not in session in 2018, but TPPF experts were still hard at work to help shape the policies and principles that keep Texas, well, Texas. And they laid the groundwork for legislative leadership in 2019. Here are a few highlights that will only become more relevant during the state's legislative session.



## Conservative Texas Budget

In 2018, we worked to strengthen the Conservative Texas Budget Coalition, an effort led by TPPF that calls for limiting Texas government spending. The state's annual budget should increase no higher than population growth plus inflation. Anything more is asking taxpayers to pay more than their fair share. By establishing a conservative limit for the 2020-2021 budget, TPPF and our coalition partners framed the debate about what government spending should look like. It's a guiding principle that helped deliver Conservative Texas Budgets the last two sessions, and we believe can bring about a third Conservative Texas Budget this session.

Maybe that's why TPPF's Vance Ginn, Ph.D., who leads the coalition, was named a Champion of Freedom by Grassroots America-We the People. We thank Vance for his hard work and for the supporters who help make it possible.



Left: Vance Ginn speaks at the Conservative Texas Budget press conference and is joined by Sen. Donna Campbell. Right: Policy analyst Emily Sass testifies before the Texas Senate Committee on Education on funding.



## Property Tax Relief is Spelled T-P-P-F

Legislative leaders are in agreement—property tax reform will be a top issue this 2019 session. With property taxes rising higher each year, faster than Texans' ability to pay, the Legislature is seeking a solution now.

Though the property tax system is both complex and seemingly intractable, TPPF created a plan that could serve as a model for not only reforming our property tax system but also bringing real relief. If our plan is adopted by lawmakers, Texans could see their property tax bill significantly reduced and school finance move away from the unpopular Robin Hood wealth-sharing scheme.

Not only is property tax reform the right thing to do, but it will also help Texas prosper. Our research shows that using state funds to buy down the maintenance and operation portion of public school property taxes could expand the Texas economy by \$12.5 billion and add 183,000 jobs.

Slowing property tax growth is the first step, and the Legislature should look to provide real relief. TPPF has developed the plan that can make it happen.

## Grading the Graders

Last August was the first time school districts were evaluated with the Texas Education Agency's new A-F accountability standard, and TPPF was at the forefront, making sure Texas lawmakers and families understand what this means for education. For the first time, Texas families will now be able to see reports for their schools and school districts with clear labels that demonstrate how the schools are performing. TPPF's Kara Belew, a former finance director at the Texas Education Agency and Gov. Abbott's former budget director, traveled across the state, visiting directly with editorial boards and citizens groups. This resulted in a groundswell of support and understanding of these new measures—measures that will soon play a key role in education reform.





TPPF staff at the Republican State Convention.

Accountability only works when the results are clear and easy to understand. With a transparent, easy-to-understand accountability system, Texas families are better empowered to make the education decisions for their children, and can both demand better from failing institutions and support successful initiatives.

### Education Funding

Kara Belew, TPPF's senior education policy adviser, wrote an opinion piece for *The Dallas Morning News* and helped change the conversation surrounding tax hikes for education.

Belew wrote, "Too often, Texas school boards ask for tax increases without being able to explain how their school district is using existing tax money or how new tax revenue will be used to improve student reading and math results."

School districts want more money, but now voters are asking if school administrations can do more with what they already have. As the state looks at ways to better fund education, we must avoid the urge to funnel more dollars into a broken system. Instead, education reform must go hand-in-hand with finance reform. As Kara likes to say, "It's not about saving a system. It's about saving kids."



Research Associate Andrew Herrell explains education funding streams.

### Unconventional

TPPF is a non-partisan organization, and our research and ideas can form the basis of important policies for any political party. In June, we found great success at the Republican Party state convention. Not only were we there to help promote TPPF as a resource for policy ideas and research, we were also able to support the addition of planks to the party platform including a call for increased educational choice and an end to taxpayer-funded lobbying.

### Bailed Out

TPPF's Center for Effective Justice has led the way in the most significant state-level criminal justice reforms in the nation, and Texas has become the model for what success in conservative criminal justice reform looks like. We're now helping to reshape how bail is administered in the state. Working with Gov. Abbott and Texas Supreme Court Chief Justice

Nathan Hecht, TPPF is redesigning bail policies—and we're showing that a risk-based assessment can prioritize public safety and a suspect's ability to pay.

### Competency-Based Education

TPPF released two studies in 2018 showing that students who receive competency-based education not only have greater access and success in higher education, but also see better results in the workforce. Competency-based education programs differ from traditional models in that progress is based on students demonstrating understanding and skills, instead of a focus on hours in a classroom. These students also completed their degrees with less debt than those who attended traditional institutions. As the Texas Legislature considers higher education reforms, our research is helping to promote real, student-centered reforms like competency-based education.



Tom Lindsay, Ph.D., director of the Foundation's Center for Innovation in Education addresses the benefits of competency-based education in a video highlighting success stories.



# NATIONAL FREEDOM

**THE YEAR BEGAN** with a TPPF announcement that it would establish an office in Washington, D.C.—and the year ended with a signing ceremony in the White House for the most important criminal justice reform bill in a generation.

In between, longtime TPPF President and CEO Brooke Rollins was summoned to serve in the White House to help craft policy and work directly with the president.

Though TPPF is a state-based organization, we always keep an eye on Washington—usually to guard against overreach, but also to promote a natural extension of our state work and successes.

## First Step Act

When the U.S. Senate passed the First Step Act by a vote of 87 to 12, it advanced the most comprehensive criminal justice reform package of the last three

decades. The First Step Act provides reentry programming to help reduce recidivism, includes modest sentencing reforms, increases public safety and gives those incarcerated a second chance once they have paid their debt to society.

The bill as passed is the result of bipartisan and bicameral cooperation and had the support of law enforcement, the faith community, and businesses.

**Right on Crime** is a national campaign of the Texas Public Policy Foundation, in partnership with the American Conservative Union Foundation and Prison Fellowship, that supports conservative solutions for reducing crime, restoring victims, reforming offenders, and lowering taxpayer costs. The movement was born in Texas in 2005, and in recent years, dozens of states such as Georgia, Ohio, Kentucky, Mississippi, Oklahoma, and Louisiana, have led the way in enacting conservative criminal justice reforms.

Right on Crime has the support of more than 90 prominent conservative leaders, who have endorsed the principles of conservative criminal justice reform. These leaders include former U.S. House Speaker Newt Gingrich, Concerned Women for America President Penny Nance, former U.S. Senator Jim DeMint, former Ohio Secretary of State Ken Blackwell, and Americans for Tax Reform President Grover Norquist and many others. They help spread Right on Crime's message of restitution and redemption.

## Victory in Health Care Lawsuit

One of our biggest victories for freedom was in a lawsuit brought by 20 states' attorneys general over the constitutionality of the Affordable Care Act. The "face" of the challenge, as described by the *Fort Worth Star-Telegram*, was TPPF's own Robert Henneke, director of our Center for the American Future. Henneke and TPPF represent individual plaintiffs in the case, families that are negatively affected by Obamacare.



Executive Director Kevin Roberts, Ph.D., leads a coalition press conference in Washington, D.C. as part of the final and ultimately successful push to pass the First Step Act.





TPPF staff and coalition partners pause for a picture outside the White House following meetings with the President.

This historic win striking down Obamacare is only the first step in a long appeals process. Now we will focus on the future, and look to states like Texas to lead in restoring the relationship between doctors and patients, unencumbered by government and insurance company red tape.

### Wetlands

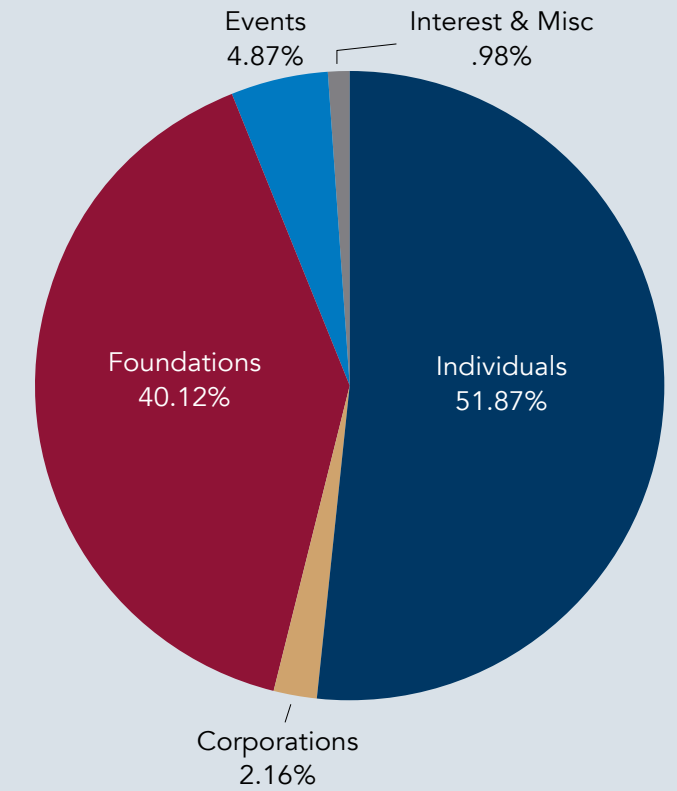
Over the years, Gallagher & Henry—a family-owned company—has built thousands of homes in Chicago and its surrounding suburbs. But in the mid-1990s, a development in Tinley Park, Illinois,

was effectively blocked by a ruling from the U.S. Army Corps of Engineers. Thirteen acres of the development were deemed to be wetlands—though the closest waterway is 11 miles away.

A three-judge panel from the 7th Circuit U.S. Circuit Court of Appeals ruled on behalf of John Gallagher and his company, who were represented by attorneys from the Texas Public Policy Foundation. This is a victory not only for the builders specifically, but also for those who believe in limiting the ever-growing powers of the federal government.

# FINANCES

OPERATING REVENUE \$13,361,977



### BALANCE SHEET

#### Assets

Cash & Receivables	\$9,269,598
Prepaid Expenses	\$93,974
Property & Equipment	\$19,230,561
Other Assets	\$6,092,993
<b>Total Assets</b>	<b>\$34,687,126</b>

#### Liabilities

Current Liabilities	\$173,232
Deferred Revenue	\$172,500
Long-term Liabilities	\$7,840,000
<b>Total Liabilities</b>	<b>\$8,185,732</b>

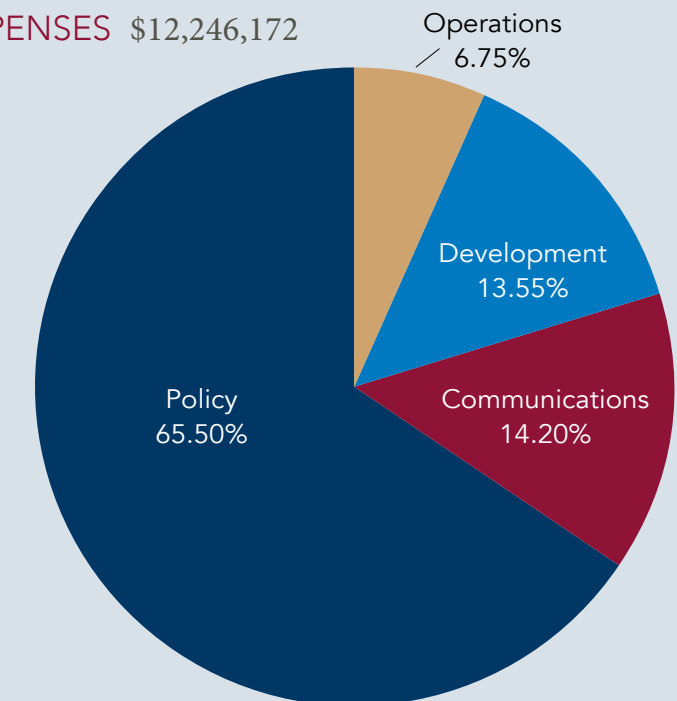
#### Net Assets

Equity - Prior Years	\$25,385,589
Equity 2018	\$1,115,805
<b>Total Net Assets</b>	<b>\$26,501,394</b>

#### Total Net Assets & Liabilities

**\$34,687,126**

EXPENSES \$12,246,172



—All financial data subject to review by independent audit.



*"The advancement and  
diffusion of knowledge  
is the only guardian of true liberty."  
—James Madison*

