

2007 ANNUAL REPORT *of the* TEXAS PUBLIC POLICY FOUNDATION



The People Behind the Policy

Texas Public Policy
FOUNDATION



Our Mission

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.

Our mission is to provide opinion leaders, policymakers, the media, and the general public with the intellectual ammunition to construct a better tomorrow for Texas and the nation.

The People Behind the Policy

Our Mission



TEXAS PUBLIC POLICY FOUNDATION STAFF

FRONT ROW: Brooke Dollens Terry, Shari Hanrahan, Sally Lay, Angie Choueifati, Jamie Story

SECOND ROW: Mary Katherine Stout, Nancy Druart, Kalese Hammonds, Brooke L. Rollins

THIRD ROW: Talmadge Heflin, Marc Levin, Greg Sindelar, Drew Thornley

BACK ROW: Bill Peacock, Scott Specht, Beau Tyler, David Guenther

NOT PICTURED: Arlene Wohlgemuth

FROM THE PRESIDENT AND CHAIRMAN



"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed; that whenever any form of government becomes destructive of these ends, it is the right of the people to alter or abolish it, and to institute a new government..."

July 4, 1776 — Fifty-six men of intellect, character, and unwavering courage explained to the world in only 1,337 words the American ideals that demanded independence. The war for independence had begun in the hearts and minds of average men—who signed and pledged their lives, fortunes, and sacred honor to one another, but also forged a document that became an expression of freedom that shaped our country, as well as freedom around the world.

Who were these people—willing to risk everything in the name of liberty?

Twenty-four were lawyers and jurists. Eleven were merchants, nine were farmers and large plantation owners; men of means, well educated. But they signed the Declaration of Independence knowing full well that the penalty would be death if they were captured.

These 56 men who signed the Declaration proved to the world how a common people, with common

principles and ideas, can enact policy that allows the will of individuals, and not the heavy hand of government, to shape the course of history forever.

These framers of the Constitution had a passion for liberty and freedom and it was their ideas that shaped our nation. Today they are the historical figures whose personal convictions and commitment to principle inspire us. As individuals, we all have a different story of how we became involved with these ideals, but it is a shared passion and commitment to principle that drives our work to advance the principles secured by our Founders—to improve life and liberty in Texas and the nation.

For the past 18 years, the Texas Public Policy Foundation has been working diligently with people—experts, policymakers, and the public—to shape policy that doesn't lose sight of our Founders' vision of a government that is limited in scope and

that promotes freedom, liberty, and economic opportunity.

To this end, we are delighted to report that 2007 witnessed an end to an obsolete tax affecting all Texans. This was a great victory for the Foundation's Center for Economic Freedom, which led the charge to abolish this outdated tax—saving Texas taxpayers roughly \$210 million per year. Through extensive research, policy events, and personal meetings with policymakers, the Center for Economic Freedom was a vocal opponent against efforts to reregulate the electric industry. Our voice was heard. In the end, efforts to inject the costs of cumbersome government regulation into the pocketbooks of consumers were defeated.

In 2007, the Foundation led the charge in the ongoing battle to curb runaway government spending and shine a brighter light on how government

Our Principles

Individual Liberty, Personal Responsibility, Private Property Rights, Free Markets, Limited Government

spends taxpayer money. Our focus on transparency in state spending led to the creation of an online searchable database of all state agency expenditures. We worked tirelessly to bring fiscal sanity to the state budget, and we moved a step closer to this goal as the state budget grew just under the projected growth in population and inflation, effectively limiting spending in the approved budget to the Foundation's proposed Tax and Expenditure Limit. Compare this to 18 percent growth in the previous legislative session and it is clear that we are indeed making strides in the right direction.

As champions in protecting freedom and opportunity in education, the Foundation was diligent in ensuring that the largest teacher performance pay system in the country—created in 2006 from the vision and step-by-step reform agenda of the Center for Education Policy—was preserved.

"For the support of this declaration, with firm reliance on the protection of the divine providence, we mutually pledge to each other, our lives, our fortunes, and our sacred honor."

In the midst of efforts to expand government programs, the Foundation's Center for Health Care Policy suggested another path with more individual control and ownership. In particular, the Foundation's research supported efforts to free the health care marketplace to allow Texans more options to receive care in the convenience clinics emerging around the country, as well as purchase health insurance without costly new mandated coverage.

The Foundation also stood up to government's voracious appetite for taxpayer dollars in the

criminal justice system. The Foundation's Center for Effective Justice was instrumental in helping to defeat a plan to spend billions on building new prisons and instead promoted more efficient *and* effective alternatives for non-violent offenders.

The message of freedom was delivered to the legislature, media, and community through an outreach strategy that produced record results by every standard of measurement. Foundation commentaries and quotes appeared 46 percent more often in 2007 than in the previous year—reaching an audience of 50 million people—including national coverage in *The Wall Street Journal*, *National Review Online*, and *The New York Times*.

We also carried our message of freedom through various conferences, roundtables, and other events. Thousands have attended Foundation events to engage in the debate and help carry the mantle of

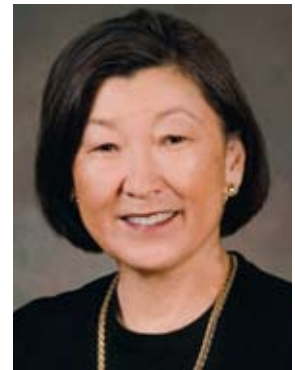
limited government and freedom forward for generations to come.

But, like those early freedom fighters, we cannot do this alone. The tireless support and commitment of our investors—those who believe that freedom, opportunity, prosperity, and liberty are as important today as they were in 1776—is what enables us to remain in the battle. We, the *people*, must continue to work to protect and extend freedom in Texas and the nation.




Brooke L. Rollins
PRESIDENT & CEO

A handwritten signature in black ink that reads "Brooke Rollins".



Dr. Wendy Lee Gramm
CHAIRMAN

A handwritten signature in black ink that reads "Wendy Gramm".



DR. WENDY LEE GRAMM
Chairman of the Board

“When Thomas Jefferson said, ‘the price of liberty is eternal vigilance,’ he wasn’t talking about dangers from outside the U.S., but about government as a threat to our freedoms.” —DR. WENDY LEE GRAMM

“I firmly believe that *people* are the best judge of what is best for them and their families. For this reason, I believe in the principles of free markets, personal responsibility, and limited government. The free enterprise system is unique because it recognizes that people have different tastes, values, and experiences. A free market system allows the greatest amount of freedom for people to act on their different views. But with this freedom comes personal responsibility. People should be free to choose what is best for them, and they should also be responsible for the results of those choices. They should reap what they have sown, including, as Thomas Jefferson said, keeping the fruits of their labor!

The Texas Public Policy Foundation helps to preserve the freedoms our Founding Fathers valued so highly. By gathering, researching, and disseminating sound policy ideas to policymakers and the public, the Foundation provides the intellectual ammunition necessary to implement state policies that meet the needs of all Texans.

I am proud to be a part of this organization—people working so diligently to defend sound conservative principles across Texas and the nation. The Foundation will continue to fight for low taxes and limited government, which are the keys to economic freedom and prosperity. We will continue our work for private property rights, individual liberty, and personal responsibility. We will continue our work for a freer, more prosperous Texas for today’s citizens and the many generations to follow.”

PEOPLE ADVANCING FREEDOM & LIBERTY



In 2007, the Texas Public Policy Foundation worked tirelessly to translate the founding principles of freedom and liberty into policies that empower the people of Texas to choose the best education for their children, keep more of their hard-earned money, and stand up against government and its heavy-

handed regulations that threaten private property rights and economic prosperity.

To ensure the greatest impact in cultivating policies based on individual freedom and personal responsibility, the Foundation published 100 pieces of in-depth research, testified more than 140 times, and held 500 substantive meetings with legislators, legislative staff, and state agency leaders.

Policy analysts in the Foundation's Center for Economic Freedom and Center for Fiscal Policy defended these principles as they worked alongside legislators and others to repeal the Texas Telecommunications

«The Honorable Talmadge Heflin, Visiting Research Fellow at the Foundation, discusses Texas transportation policy with Senator Mike Jackson following a Policy Primer event.



«Foundation Visiting Fellow, former House Appropriations Chair Talmadge Heflin, with Texas Railroad Commissioner Elizabeth Ames Jones and State Representative Jimmie Don Aycock at a Policy Primer in honor of the late Dr. Milton Friedman.

«Texas Public Policy Foundation staff witness the signing of House Bill 735 by Gov. Rick Perry, repealing the obsolete Texas Telecommunications Infrastructure Fund tax.



«Bill Peacock, Director of the Center for Economic Freedom, provides a special briefing to legislative members regarding deregulation of the Texas electric market.

Infrastructure Fund tax. Although this tax had long since met its stated purpose to wire schools, hospitals, and libraries, Texas taxpayers continued to pay the tax on their phone bills with the funds being funneled into the state government's general revenue. The tax was an unnecessary burden to Texans already paying the third highest telecommunications tax in the country. Our mission to repeal the tax was accomplished



« Bill Peacock, Director of the Center for Economic Freedom, moderates a panel discussion at a sold-out Policy Primer on energy and environmental policy. Panelists include: Joel Schwartz, American Enterprise Institute; Myron Ebell, Competitive Enterprise Institute; and Kathleen Hartnett White, former Chair of the Texas Commission on Environmental Quality.

when Governor Rick Perry signed House Bill 735, which is saving Texas consumers \$210 million per year.

As our Founders fought against excessive and unfair taxation of the people, the Foundation remained vigilant in our efforts to keep more money in the hands of the people and out of the deep pockets of government.

PROTECTING PRIVATE PROPERTY

In 2007, the Foundation ensured that private property rights—fought for so bravely by our nation’s founders—are never taken for granted, or taken unjustly by the overreaching arms of government. By the end of the 80th legislative session, we were pleased with the progress being made in Texas to protect our fundamental right to own and control private property. The Texas Legislature passed the “Landowner’s Bill of Rights” (House

Bill 1495) by Representative Bill Callegari, requiring governments that condemn private property to provide landowners a clear, timely notification of their rights.

Under this legislation, a government entity must send a landowner the “Landowner’s Bill of Rights” before that entity may begin negotiations to take the property. The document must explain the process of eminent domain and inform the owner of available options to stop or



« Foundation Vice President of Administration and Director of the Center for Economic Freedom Bill Peacock with board member George W. Strake, former Texas Secretary of State.

appeal the process. This legislation also specifies that the state attorney general must prepare the list of rights using language “easily understood by the average property owner.” There is more to be done, but we are moving in the right direction.

REPLACING REGULATION WITH FREE MARKET PRINCIPLES

Foundation analysts published numerous commentaries and in-depth studies, and worked with policymakers and the media to help move free market principles from ideas to action. Detailed research on the success of electricity deregulation in Texas—backed by in-person meetings, media interviews, and policy events—helped to thwart re-regulation of the Texas electric market.

The Center for Economic Freedom also moved the Foundation’s principles into new areas: global warming and air quality in Texas. With the global warming debate “heating up” in Texas, the Foundation is calling for cooler heads to prevail in implementing a long-term solution for securing affordable, reliable energy supplies for our growing demand for electricity.

PEOPLE WORKING FOR EDUCATIONAL OPPORTUNITY

CULTIVATING POLICIES OF PROSPERITY

Rooted in sound, conservative economic principles, the Foundation's Center for Fiscal Policy has been a tireless advocate for lower taxes and fiscal restraint. In 2007, the Foundation made great strides in bringing greater fiscal responsibility and transparency to the Lone Star State. The Texas Legislature adjourned at the end of the 80th Session with a state budget that increased less than the anticipated growth in population and inflation, despite a \$14 billion surplus.

The Honorable Talmadge Heflin, Visiting Fellow in the Center for Fiscal Policy, was instrumental in a successful push to shed greater light on how the state spends people's hard-earned money. As a longtime champion of this reform, the Foundation's vision came to fruition and House Bill 3430, authored by a bipartisan group of legislators, took a giant step towards greater transparency

in state spending. The bill requires state agencies to make their spending records available to the public on a searchable database on the Comptroller's website.

PEOPLE WORKING FOR EDUCATIONAL OPPORTUNITY

As the final bell rang on the 80th Session, policy analysts in the Foundation's Center for Education Policy had testified 38 times on education issues ranging from school choice and teacher quality to school accountability and post-secondary readiness. They achieved more than one million dollars in ad equivalency and more than 120 media hits—spreading the message of the need for greater educational opportunity for all Texans with editorials in *The Dallas Morning News*, *Houston Chronicle*, *Fort Worth Star-Telegram*, *Austin American-Statesman*, and *Corpus Christi Caller-Times*.

The Foundation was a leading voice in support of preserving the



≈ State Representative Nathan Macias talks with Foundation board member Tim Lyles and education policy analysts Jamie Story and Brooke Dollens Terry at the 80th Session in Review event in San Antonio.

nation's biggest teacher performance pay program, passed by the Legislature during the 2006 special session using many of the Foundation's recommendations for reform. Analysts produced detailed fact sheets on how teachers in each legislative district would be negatively affected if the incentive pay program were abolished and personally delivered the findings to legislative offices, as well as delivering the information on the House floor. These efforts were successful and the majority of the teacher performance pay program remained intact.

FREEDOM TO CHOOSE IN HEALTH CARE

With the health care crisis at the state and national level spreading like an



Jamie Story, education policy analyst in the Foundation's Center for Education Policy, testifies before the House Public Education Committee on education reform policy.



» A sold-out audience attends a panel discussion on juvenile justice reform at the Foundation's offices, just blocks from the Capitol.



» Education policy analyst Brooke Dollens Terry is interviewed outside the Capitol regarding teacher quality reforms found in Senate Bill 1643.



» Texas Senator Dan Patrick with Foundation Visiting Fellow, the Honorable Arlene Wohlgemuth, at a dinner event.



« The Foundation's Vice President of Policy and Director of the Center for Health Care Policy, Mary Katherine Stout, with renowned economist Dr. Art Laffer at the first Capital Campus-Texas event.

epidemic, the area of health care policy might be the most egregious example of government bureaucracy overstepping its bounds. In Texas, the Medicaid budget has increased 700

percent since 1990 to \$13.41 billion. From 1994-2004, one-third of all new general revenue in Texas went to fund the burgeoning Medicaid program. In addition, more than three million Texans are dependent on a state government-run program for their health care.

These numbers are staggering, but the Foundation's Center for Health Care Policy is making progress in promoting competition as the way to deliver better care, more choices, and lower cost to people around the state. In 2007, the Medicaid reform legislation approved by Governor Perry included all of the programmatic reforms advanced by the Foundation during the interim: hospital financing reform, tailored benefit packages, increased copayments, and the availability of Health Savings Accounts or similar options for recipients.

"The Texas Public Policy Foundation gives legislators the evidence they need to support what they know is right—that less government and lower taxes are best for Texas families."

—TALMADGE HEFLIN

"Principled and truly conservative policy development for the State of Texas cannot be overstated. Good government is labor intensive while bad government simply follows the path of least resistance."

—ARLENE WOHLGEMUTH

With a combined 32 years of experience in the Texas House of Representatives, Arlene Wohlgemuth and Talmadge Heflin are putting their know-how and their principled approach to public policy to practice every day as research fellows in the Center for Health Care Policy and Center for Fiscal Policy, respectively.

As a State Representative, Arlene Wohlgemuth knew that health and human services (HHS) was a critical policy area and major budget driver. So, armed with a strong commitment to limited government, free market principles, she became an expert in the area of health care policy—serving on both the Human Services and Public Health Committees during her tenure. In 2003, Arlene led the effort to reorganize the state's HHS agencies, passing House Bill 2292 which consolidated the state's 12 HHS agencies into five, curbing the growth of government, and refocusing government programs on truly needy Texans.

Now retired from the Texas House, Arlene continues to represent the principles of limited government, personal responsibility, and free markets as she works with the Foundation to advance these core principles in its health and human services research.

Talmadge Heflin began studying the budget early in his 22-year tenure in the Texas House. When the state found itself wrestling with a \$10 billion budget shortfall in 2003, there was no question that Talmadge Heflin was the man to lead the House's effort to deliver a state budget that would address the shortfall by reprioritizing spending—not raising taxes. Despite great opposition from many members of the Legislature, as well as most every major newspaper in the state, Talmadge skillfully led his colleagues in crafting a responsible budget that rejected new taxes and set the tone for the years of growth in the Texas economy since.

Today, Talmadge testifies before his former colleagues as a champion for the principles he followed for those 22 years—schooling lawmakers on the details of the Texas budget, and providing lessons from legislative sessions of the past. Without a doubt, when Talmadge Heflin talks about the budget, people listen.

The Texas Public Policy Foundation is extremely proud to have these experienced, principled champions of freedom working side-by-side with Texas policymakers for a freer, more prosperous future.

THE HONORABLE ARLENE WOHLGEMUTH &
THE HONORABLE TALMADGE HEFLIN
Visiting Research Fellows



EFFECTIVE JUSTICE FOR THE PEOPLE



Under the leadership of Mary Katherine Stout, the Center remains focused on crafting reform ideas—for Texas and the nation—aimed at transforming fraying health systems into quality, affordable, consumer-driven marketplaces that provide people with the freedom to choose the health care plan that best meets their needs.

EFFECTIVE JUSTICE FOR THE PEOPLE

The Center for Effective Justice has made great strides in working on justice policy reforms that reduce crime, restore justice to victims, and reform offenders—saving millions of dollars for Texas taxpayers. A plan to spend billions at the beginning of the 80th Session on building new prisons was dropped and alterna-

tives for non-violent offenders, proposed through the Center’s research and recommendations, were instead enacted.

A resolution unanimously passed by the House in 2007 officially recognized the Foundation’s sound work and impact on criminal justice policy in Texas. The resolution stated that, because of the Texas Public Policy Foundation’s “impeccable” research and “crucial credibility,” we “favorably enhance the way this state approaches matters of public safety and criminal justice policy.” The Honorable Jerry Madden, Chairman of the House Corrections Committee, publicly acknowledged the Center’s work under the effective leadership of Marc Levin and

» Foundation policy analysts Brooke Dollens Terry and Marc Levin take to the airwaves to discuss the outcomes of the 80th Session.



» The Foundation’s Marc Levin, Director of the Center for Effective Justice, discusses policy reform with State Representative Jerry Madden, Chairman of the House Corrections Committee.

« Levin speaks with State Representative Charlie Howard after a Policy Primer in Houston.

the positive effect it has had in the area of criminal justice.

PEOPLE BEHIND

THE MESSAGE

Policy think tanks like the Texas Public Policy Foundation conduct extensive research, but it takes people to disseminate the information,





Foundation policy analysts gather for a roundtable discussion to be featured as part of the Texas PolicyCast series

educating policymakers, the media, and general public on the sound conservative principles that make for effective public policy.

The Foundation’s media outreach strategy has produced record results by every standard of measurement. Last year, the Foundation was featured in 923 print and broadcast stories and commentar-

ies (“media hits”)—a 46 percent increase over 2006 media hits and a 66 percent increase over 2005! This surge of media activity accounted for a total ad equivalency of \$8.27 million, shattering the 2006 record of \$6.53 million.

The Foundation reached out to more than 50 million people in 2007 through newspaper commentaries and articles—an increase of nearly 20 million readers over 2006. In total, the Foundation’s commentaries appeared in 109 Texas newspapers, plus national publications such as *The Wall Street Journal*, *Human Events*, and *National Review Online*.

The Foundation has made a concerted effort to increase the reach of its message by cultivating talk radio relationships. This resulted in 109 radio interviews on

24 different stations (plus National Public Radio and the Texas State Radio Network).

“Lone Star Lessons with Brooke Rollins” debuted on KVCE 1160 AM in Dallas in October. These one-minute daily audio commentaries have become a staple of the station’s programming.





SALLY LAY
Director of Development

*“Being a 5th generation Texan,
I am extremely proud of the
work we do to make our state a
better place to live and work.
I have seen firsthand what
a difference people are making
to move ideas into action for
the wellbeing of our future.”*

—SALLY LAY



Sally Lay, Director of Development, talks with Foundation board member Brenda Pejovich.

“After graduating from the University of Texas, I began my work in public policy as a campaign staffer working on a successful campaign towards the election of Texas Comptroller Susan Combs. As part of my campaign work, I had the incredible opportunity to reach out to people across Texas—making many new friends along the way and working to advance conservative principles of individual liberty, personal responsibility, and limited government.

Throughout that experience, I realized how important people are in effecting change in government. People are the true driving force behind public policy, and that has never been more evident than in my work at the Foundation. I am overwhelmed by the dedication and commitment to free market ideas that I have witnessed from our donors, policy analysts, and policymakers. I am truly honored to be a part of this team and to have the opportunity to meet so many supporters—tireless defenders of freedom—as we travel across Texas for our fundraising and policy events. I am so proud of the work we do to make Texas a better place to live and work, and I have seen firsthand what a difference people are making to move ideas into action.”

PEOPLE BEHIND THE MESSAGE



The Foundation's message is successfully delivered via traditional media and Internet communications alike. In 2007, the TexasPolicy.com website averaged

Star-Telegram

Ben Franklin, first president of the U.S.?

BY BROOKE LESLIE ROLLERS
SPECIAL TO THE STAR-TELEGRAM

"Whenever the people are well-informed," Thomas Jefferson wrote in 1789, "they can be trusted with their own government. No doubt the Founding Fathers' faith in self-government would be challenged today by the reality of how little Americans know about their heritage."

In anticipation of the Fourth of July, *Tonight Show* host Jay Leno took his "Jaywalking" camera crew to the streets to question people about the number of original colonies, the first American flag and the national anthem, among other topics.

Almost all of the half-dozen people he interviewed, ranging from a college professor to a teenage boy, were unable to answer correctly. Two years ago, the same rousing game produced a National Football League-bound student from UCLA who declared Ben Franklin the first president of the United States.

Week after week, the segment entertains viewers with such grand demonstrations of ignorance. The sketches are at once entertaining and depressing. Sadly, they reveal significant deficiencies in civic education.

For its recent report "The Crumbling Crisis in Citizenship: Higher Education's Failure to Teach American History and Institutions," the Intercollegiate Studies Institute asked students at 50 of the nation's institutions of higher education about history, government, foreign affairs and the economy.

Among them were Baylor University, West Texas A&M and the University of Texas at Austin. The results suggest no shortage of candidates for Leno's sidewalk shik.

After three years of undergraduate coursework, seniors scored an average of 53.2 percent. At nearly half of the campuses—22 of the 50 schools—students' average scores were below 50 percent.

More than half could not correctly identify the century when Jamestown was established. Twenty-eight percent believed that Gettysburg was the battle that brought the Revolutionary War to an end. Fewer than half of the students knew that it was the Declaration of Independence that so boldly declared "we hold these truths to be self-evident, that all men are created equal."

Shockingly, in some cases students knew less at the end of their college years than they did when they first set foot on campus. But these scores are eerily in line with those at colleges and universities. The average improvement during

one's undergraduate years was a mere 1.5 points (almost three points for Texas), highlighting failures in civic education in K-12 days as well.

The report concludes that "students don't learn what colleges don't teach," arguing that student knowledge will improve when schools require students to take more courses in American history and economics. That's true whether the classroom is in a middle school or at a university.

Ultimately, those who care deeply about the future of this country—the future of liberty and freedom—know that civic virtue is essential to the system of self-government we enjoy today.

We might wonder whether students need to know more about our country, and how well we are preparing future generations to lead this country as the nation's founders.

Brooke Leslie Rollers of Fort Worth is president of the Texas Public Policy Foundation, a nonprofit, free-market research institute based in Austin.

Fort Worth Star-Telegram
July 17, 2007



Media and Government Relations Director David Guenther interviews Texas House Speaker Tom Craddick as part of the Foundation's Texas PolicyCast series.

The Foundation also carries the message of freedom and opportunity to the community through various conferences, primers, and other events. The Fifth Annual Policy Orientation for the Texas Legislature, in combination with our Policy Primer Series events, reached more than 1,000 attendees—legislators, legislative staff, policy experts, media, and the public.

A new event was added to the Foundation's busy roster this year. Partnering with the Mercatus Center at George Mason University, the Foundation brought the "Capital Campus" program to Texas. Capital Campus-Texas was a two-day economic training program targeted at legislative and executive branch staff to improve their understanding of basic economic principles and to show how the solutions to today's policy issues can be found in free market policies instead of government regulation.

HOUSTON CHRONICLE

Viewpoints, Outlook

Who's for Texas taxpayers?

Folks who foot bills need a voice

By TALMADGE HEFLIN

All seasons, Texas lawmakers have declared that the Legislature will be measured by how it treats the children. Legislators have acknowledged their conviction with large buttons displaying their support for children and made prominent statements that they must "err on the side of children."

Despite \$14 billion in new revenue coming into the state coffers, any action the Legislature will be measured by how it treats hard-working Texas taxpayers has been forgotten. Some lawmakers who wrapped themselves in the flag of limited government, limited spending, and low taxes during their election campaigns have removed it from display now that they are in Austin.

Where are the buttons displaying support for taxpayers?

And with less than six weeks left in the session, few lawmakers are urging their colleagues to err on the side of protecting taxpayers. But of course, perhaps that is all too cynical. It may simply be that legislators have not yet had the opportunity to demonstrate their support for taxpayers since the taxpayer protection legislation, until recently, has languished in committee without a hearing.

The days of 2003 are not long behind us, but the lesson seems to be a distant memory. Upon arriving in Austin, that Legislature was confronted with a \$10 billion budget shortfall, the type of a slowing economy and lower-than-expected tax collections. But the real culprit of that shortfall was the record spending binge of the previous Legislature, which inflated state spending by \$11 billion, or 13 percent.

With \$14 billion in surplus funds, you might think that legislators would not only be conscious of reining government growth in an effort to prevent a future shortfall, but also preventing those surplus funds from ever arriving in Austin for a similar spending bonanza. Unfortunately, there has been little enthusiasm for tightening the state's inefficient spending limit or even limiting the state's collection of revenue when it exceeds that work-around limit.

Paradoxically, many who restrain the growth of local government, the billers for property tax relief that lawmakers promised, will instead be soaked up by local governments to fund their own excessive growth.

No doubt any former colleagues do not want to sit in that same situation in two or even 10 years, forced to establish the same arguments or think of ways to spend a surplus, only to later regret such actions as a budget hole deepens. Neither do they want to return to their districts and face the same frustrated property owners who have seen promised property tax cuts decoupled by ravenous local governments.

The only way to avert the rabbit hole of growing government is to enact taxpayer protections that limit state and local expenditures. When government believes it needs to grow bigger or faster than these protections would allow, it should ask the people for that permission. Such growth would likely become the exception, rather than the rule.

It's not all bad news. House and Senate panels have conducted hearings on taxpayer protection proposals. But time is short and the bills to complete a lengthy process to become law. If we do not make a firm, sure commitment to the taxpayers, guardedly in their taxpayer protection battles and boldly announcing that they are the taxpayer's friends.

The special interests hire their own lobbyists, but the taxpayers rely on their elected representatives to represent them. If legislators won't defend the taxpayer, who will?

We can only hope that the taxpayer's friends will stand up before it's too late.

Heflin served 11 terms in the Texas House and is a former chairman of the House Appropriations Committee. He is presently a Visiting Research Fellow at the Center for Fiscal Policy Studies at the Texas Public Policy Foundation, a nonprofit, free-market research institute in Austin.

Houston Chronicle
April 20, 2007

13,000 unique visitors per month, representing a 31 percent increase over 2006 and a 49 percent increase over 2005. Our weekly podcast series, "Texas PolicyCast" was downloaded an average of 4,000 times each month—surging to 9,814 downloads in October 2007!

PEOPLE INVESTING IN FREEDOM



≈ Texas House Speaker Tom Craddick delivers an opening keynote address to a sold-out audience at the Foundation's 5th Annual Policy Orientation for the Texas Legislature.

» Governor Rick Perry talks with event sponsors before his Policy Orientation keynote address.



≈ State Representatives Carl Isett and Larry Taylor and Foundation Vice President of Policy Mary Katherine Stout at the Capital Campus dinner.



≈ Former U.S. Senator Phil Gramm speaks to Foundation investors at a supporter event in Fort Worth.



≈ Foundation President Brooke Rollins welcomes guests to the premier policy symposium in Texas.



≈ Foundation staff, including the Honorable Talmadge Heflin, intern Joseph Wyly, Scott Specht, and Beau Tyler, pitch in at the Capital Campus-Texas event.



≈ John Stossel, ABC's 20/20 co-anchor and author, gives an engaging keynote address to the sold-out audience at the 5th Annual Policy Orientation.

DREW THORNLEY

Policy Analyst, Center for Economic Freedom



“There is no time like the present to champion these principles and the people they benefit. The opportunity to work for one of the nation’s leading free market think tanks is too great to forego.” —DREW THORNLEY

“As an economics major at The University of Alabama, I began to think more in depth about what principles guide my life, and how economic policy impacts people. I realized that to defend my positions, as opposed to simply state them, I needed to firm up my convictions through personal inquiry and education. This understanding continued throughout my three years at Harvard Law School, where I truly found my voice.

Through interactions and discussions with people, I articulated viewpoints counter to those that dominated the political mindset in Cambridge, Massachusetts. At the end of my tenure at Harvard, I was better equipped to present and defend my views, having a clearer understanding of opposing opinions.

Countless people have asked why I chose to join a non-profit think tank instead of a lucrative law practice. The answer is simple. I believe in the Framers’ notion of limited government. I believe in markets free from government regulation. I believe in liberty, and I believe in personal responsibility. There is no time like the present to champion these principles and the people they benefit. The opportunity to work for one of the nation’s leading free market think tanks is too great to forego.”

PEOPLE INVESTING IN FREEDOM



« Foundation board member Ernest Angelo, immediate past president of the Colorado Senate and former president of the Texas Public Policy Foundation John Andrews, and Foundation investors Evetts Haley and Nicholas Taylor at a policy event in Midland.

« Foundation President Brooke Rollins rolls up her sleeves to help prepare a dinner at a fundraising event in San Antonio.

Foundation events featured speakers such as renowned economist Dr. Art Laffer of “Laffer Curve” fame, co-anchor of ABC News’ 20/20 John Stossel, former U.S. Secretary of Health and Human Services Tommy Thompson, *The Wall Street Journal* editorial writer Steve Moore, Texas Governor Rick Perry, and Texas House Speaker Tom Craddick.

PEOPLE INVESTING IN FREEDOM

Investors in the work of the Texas Public Policy Foundation are uniquely committed to freedom and liberty in the Lone Star State. Their investment makes it possible for the Foundation to continue to fight for key policy reforms that put Texas ahead of the pack in areas such as property rights protection, deregulation, educational freedom, free market solutions, effective justice, and economic growth.

« Foundation Chairman Emeritus Dr. Jim and Cecelia Leininger, Texas Attorney General Greg Abbott, Foundation President Brooke Rollins, and Foundation Chairman Dr. Wendy Gramm at a dinner in San Antonio.



Good Stewardship

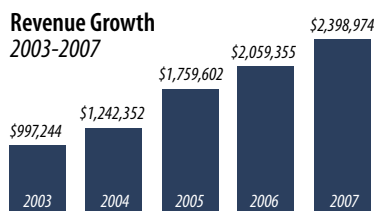
FINANCES

Thanks to the generosity of our family of investors, the Foundation exceeded its 2007 goal with total contributions of \$2.39 million—a 15 percent increase over 2006 contributions. These dedicated people are making a difference. It is this commitment to freedom and prosperity that has allowed the Foundation to publish more than 100 in-depth policy reports, host numerous educational events, deliver our message via local and national print, broadcast, and Internet media, and continue to fight for a freer, more prosperous Texas.

FINANCES

The Texas Public Policy Foundation is enjoying strong financial health thanks to the commitment and generosity of individuals, foundations, and corporations that want to protect and expand the liberty and freedom first won in 1776—for the *people*, by the *people*.

Total revenue for 2007 was \$2,398,974. This was an increase of \$1,401,730 or 140 percent over 2003's total of \$997,244.



Assets

Cash & Receivables	\$1,812,677
Property & Equipment	17,344
Prepaid Expenses	11,629
Total Assets	\$1,841,650

Liabilities

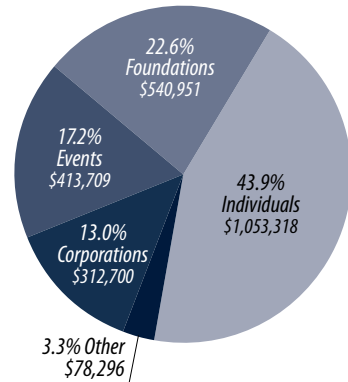
Current Liabilities	\$76,772
Deferred Revenue	452,448
Total Liabilities	\$529,220

Net Assets

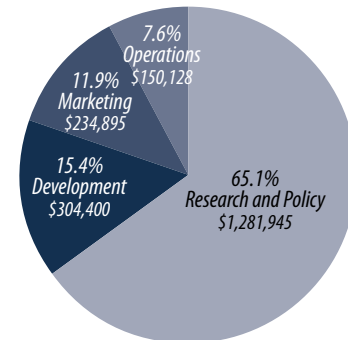
Equity Prior Years	\$884,824
Equity 2007	427,606
Total Net Assets	\$1,312,430

Total Net Assets & Liabilities	\$1,841,650
---	--------------------

2007 Income: \$2,398,974



2007 Expenses: \$1,971,368



— All financial data subject to review by independent audit.

Watching Every Penny

At the Texas Public Policy Foundation, we not only promote fiscal responsibility, we practice it.

In 2007, the Foundation's expenses came in at 5.2 percent under budget. How do we achieve these cost savings? We continually realize new ways to make our operations more efficient and cost-effective by handling many printing and mailing projects in-house, inviting members of various conservative organizations to work as volunteers at our policy events, buying office furniture from discount warehouses, and having policy interns answer phones.

We will continue to put your hard-earned dollars to the use you intended — producing and distributing independent research, and educating policymakers on its practical application in policy.

By practicing what we preach, we can efficiently and effectively build a freer, more prosperous Texas for all.



Board of Directors
BOARD OF DIRECTORS

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

– House Public Education Chairman Rob Eissler



BACK ROW, FROM LEFT: Thomas "Tim" Lyles, Secretary (San Antonio); George W. Strake Jr. (Houston); Brooke L. Rollins, President (Ft. Worth); Dr. James Leininger, Chairman Emeritus (San Antonio); Ernest Angelo, Treasurer (Midland); Tim Dunn, Vice Chairman (Midland); Dale Laine (Austin); and William "Bill" McMinn, Chairman Emeritus (Houston).

FRONT ROW, FROM LEFT: Dr. Wendy Lee Gramm, Chairman (Helotes); Vance Miller (Dallas); Ramiro Galindo (Bryan); Brenda Pejovich (Dallas); and Bill Jones (Austin).

NOT PICTURED: Phil Adams (Bryan); Jeff Sandefer (Austin); and Michael Stevens (Houston).

The People Behind the Policy



Texas Public Policy
FOUNDATION





Texas Public Policy
FOUNDATION

900 Congress Ave., Ste. 400, Austin, Texas 78701
Phone 512.472.2700 Fax 512.472.2728
info@TexasPolicy.com | www.TexasPolicy.com