

Restoring Liberty



 **TEXAS PUBLIC POLICY**
FOUNDATION

2016 ANNUAL REPORT

Restoring Liberty

LOOKING FORWARD

Some freedom fighters are legendary. You know what George Washington, Abraham Lincoln, and Ronald Reagan did to change the landscape of America. Whether stamped on a dollar, carved into the side of Mount Rushmore, or just imprinted onto the heart of millions of Americans, these figures are synonymous with our liberty.

These men each faithfully served in the defense and propagation of that liberty—though icons of freedom, they were voluntary servants in the cause of life, liberty, and the pursuit of happiness. Across America, there are millions of people who still believe in these same basic tenets.

In the Lone Star State, there's a new breed of freedom fighters—the ones who work to restore the beliefs and ideals of those who have come before us. Liberty, personal responsibility, and free enterprise don't just happen to be founding principles of both America and Texas. 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 at the Texas Public Policy Foundation.

Thousands of Americans who share these ideals rely on, contribute to, and believe in the work of this Foundation. And they are the reason behind all that we do. Our sound, probing research and unstinting passion mean that our voices are heard across the country and around the world, educating policymakers and defending the American people and their liberty at every turn.

Twenty-seven years ago, the Texas Public Policy Foundation was established in San Antonio, with one employee, one donor, and one simple goal: to secure a better tomorrow and to defend American liberty for the youngest among us. This Foundation was founded to restore and secure the blessings of liberty for ourselves, for our children's children, and for their children's children.

Today, our building at 901 Congress is inscribed throughout its walls with names and faces—portraits of the believers in liberty; records of modern-day Texas patriots. Behind George Washington in 1776 were many whom we cannot now recognize—but to whom every American today owes a debt of gratitude. These faceless heroes acted on their ardent belief in the future of an improbable fledgling nation—a nation built on the idea that all men are defined not by who they are, but by what they believe in and defend.

In 2016, the Foundation was the voice of reason in a time of disillusionment in American governance. 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. Yet we constantly look forward in hope—hope for a return to the principles of liberty and limited governance, with Texas leading the way for the nation, publicizing and propagating the freedom in which we—and those behind our work—have never stopped believing. ★



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President's and Chair's Message



Brooke L. Rollins
President & CEO



Dr. Wendy L. Gramm
Chairman of the Board

Welcome to the 2016 Annual Report of the Texas Public Policy Foundation.

In reality, this is a gratitude report. In this, the record of our 27th year, you'll find an account of policies pioneered, dreams enacted, and lives changed—and you'll find that these accomplishments are possible because of the thousands of committed Texas patriots who believe in our mission and come alongside us in the charge to keep Texas a beacon of liberty for our nation.

A few key highlights:

The Center for the American Future went from two lawsuits at the end of 2015 to seven active lawsuits at the close of 2016: defending America's energy grids against federal takeover and protecting the neediest Americans' access to affordable, reliable energy; standing up for the rights of property owners and renters by suing the city of Austin over its unconstitutional short-term rental ordinance; fighting for the property rights of 140 landowners against a federal land grab in Texas' Red River Valley; and more.

Our Fueling Freedom Project gave rise to a published book, *Fueling Freedom: Exposing the Mad War on Energy*, coauthored by Distinguished Senior Fellow and director of our Center for Energy and the Environment Kathleen Hartnett White and the Heritage Foundation's Stephen Moore. We followed this up with our third annual "At the Crossroads: Energy and Climate Policy Summit," held for the first time in Washington, D.C. Truly the Foundation is leading the national conversation on America's energy future.

For the first time in 20 years, Texas policymakers and the public have access to an in-depth analysis of where taxpayer money actually goes in our state's public school system, after the Center for Education Freedom published "School Finance: Basics and Reform." This study has already been invaluable in shaping preparations for Texas' 85th Legislature.

We took the lead in cultivating the next generation of conservative, liberty-oriented leaders when 28 participants successfully graduated from the first class of our Texas Capitol Leaders (TCL) program. TCL is a new year-long program developed to promote the philosophical, policy, and professional development of junior Texas legislative staff to help them become more effective champions for free markets and limited government as their careers advance.

And late in the fall, we established our new Center for Families and Children to focus on family and child-welfare policy in the Lone Star State. The Center's immediate priorities will be to encourage policymakers to reduce trauma for children in state care, to keep families intact whenever possible, and to engage community organizations in foster care. You'll hear more about director Brandon J. Logan's incredible work in this area in 2017.

Though we are not—and never will be—a partisan institution, we are of course concerned with the policy that is the consequence of politics. The national transition in Washington, D.C., offers great opportunities for those of us working for liberty and prosperity here in the states.

The opponents of small government imagined a national victory secure until one night in November. But in the states, something else was happening: liberty was not in decline, but on the rise. And that is no accident. While the nation turned its eyes to the contest for one prestigious office, liberty-oriented scholars, thinkers, innovators, and leaders were engaging in the states exactly as the Founders intended—as “laboratories of democracy” where new policies, ideas, and approaches are tried.

No state has been at the head of this new experimentation with old ideas like Texas has. Motivated by a characteristic bold spirit and timeless beliefs, Texas has led the way for the restoration of American liberty.

And pointing the way all along has been the single most important state policy institution in America: the Texas Public Policy Foundation.

Much of Texas is similar to other big states: California, New York, and Illinois. Like these states, Texas is increasingly young, urbanized, cosmopolitan, and diverse.

But there’s something different about Texas, too.

In Texas, liberty is given a chance—and here, liberty proves its case.

Much credit for this goes to the Texas Public Policy Foundation, yes. But we do not forget that at the end of the day, we are just one voice among many in a state of about 27 million.

We succeed because of many things:

- Our effective research.
- Our excellent communications.
- Our aggressive outreach.
- Our collaborative approach.

But there is one big reason we succeed. We succeed because Texans have among them men and women of vision, integrity, and fortitude. True patriots, whose vision for a state now has a fresh opportunity to lead a nation at a turning point.

Now more than ever, Americans are looking for the light of liberty—for the spirit that inspired a revolution, and gave birth to a new nation of uniquely realized ideals. Increasingly, they are finding that spirit alive and well in Texas, carried forth by the work of the Texas Public Policy Foundation—and by you, our supporters, allies, colleagues, and friends.

As we enter 2017, the 28th year of the Foundation, we know that the Lone Star shines bright enough to reach all the way to D.C.—and for this, we are truly grateful.

Yours in liberty,

Brooke L. Rollins
President & CEO

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Chairman of the Board

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Center for the American Future

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 governmental 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, five new major lawsuits were filed in 2016, bringing the Center's total to seven active cases:

★ ***Orchard Hill Development Company v. U.S. Army Corps of Engineers***. The Center represents a residential developer who has been fighting for more than seven years to construct homes on private property that the U.S. Army Corps of Engineers has decreed a jurisdictional wetland. This case presents several substantive issues which are important to farmers and developers nationwide.

★ ***Dalton Trucking Inc., et al. v. United States Environmental Protection Agency***. The Center represents a coalition of plaintiffs suing the EPA for exceeding its delegated authority under the Clean Air Act. This case seeks to enforce the Clean Air Act as written by Congress, to ensure the EPA grants waivers from federal preemption to California *only* if there is a compelling and extraordinary need for the specific emission standard for which California applies on a case-by-case basis. The EPA should not be allowed to rewrite the Clean Air Act.

★ ***Zaatari et al. v. City of Austin***. This lawsuit raises seven separate constitutional concerns with the City of Austin's short-term rental (STR) ordinance. The city's STR ordinance violates a host of rights arising under

the Texas Constitution—including property owners' rights under the equal protection and due course of law clauses, as well as tenants' rights to the freedom of movement, privacy, and assembly. The Center represents a coalition of STR owners and guests suing to declare the city's ordinance unconstitutional.

★ ***Pulliam, et al. v. City of Austin, et al.*** The Center represents taxpayers suing the City of Austin over its labor agreement with the Austin firefighters' union. Under the labor agreement, the city assigns its employees to work for the union while being paid as city employees. Plaintiffs assert this practice violates the Texas Constitution's "gift clause" prohibiting payment of public funds to private entities without accomplishing a public benefit.

★ ***West Virginia, et al. v. United States Environmental Protection Agency***. The Center partnered with the Pacific Legal Foundation to file an amicus brief in the pending case representing a coalition of businesses and individuals against the EPA's Clean Power Plan. The brief asserts the Clean Air Act does not authorize the EPA to regulate the system of power generation within each state, and that it unconstitutionally usurps state powers in violation of the Tenth Amendment.

Center staff have also filed amicus briefs on ambiguities in tax exemptions being determined in favor of the taxpayer, how the TABC "one-share" rule violates economic liberty, and why municipal plastic bag bans violate state law.

Although the Center is just over a year old, Henneke and staff members wrote 22 op-ed pieces that appeared in a variety of publications like the *Washington Times* and *Austin American-Statesman*, and online at The Daily Caller, TribTalk, and Fox News.

The Center's Red River lawsuit continues to receive considerable national attention. The lawsuit was featured in the July edition of *Texas Monthly*. Also, the dispute was featured in a national "All Things Considered" segment on National Public Radio.

CAF helps the Zaataris sue the City of Austin

The Center for the American Future recently filed a lawsuit to protect property owners' and tenants' rights regarding short-term rentals in Austin on behalf of the Zaataris, who own and operate a short-term rental in Austin.

For more information about the short-term rental ordinance and CAF's lawsuit with the City of Austin, visit AustinPropertyRights.com.



Plaintiffs Ahmed and Marwa Zaatari

Center for Local Governance

The Center for Local Governance (CLG) is dedicated to advancing the principles of limited government, free enterprise, and individual liberty in Texas. Our mission is to educate, advocate, and litigate for conservative solutions in the local government sphere.

Building the Brand

In January, the Center launched its new brand, Think Local Liberty (TLL). TLL not only provides city, county, and school board officials with high quality research, commentary, and visuals to advance the liberty agenda, but is also a brand that conservative local officials can coalesce behind. TLL's unique concepts are featured on ThinkLocalLiberty.com, and its ideas are promoted to a wide and growing audience on social media.

Litigating for Freedom

In partnership with the Center for the American Future (CAF), CLG is fighting to advance liberty locally on several different legal fronts.

In April, CLG and CAF submitted an amicus brief in support of the Laredo Merchants Association's fight against the City of Laredo's plastic bag ban. CLG also helped to coalesce a group of 20 state lawmakers who filed a supporting amicus brief.

In May, CLG and CAF filed an amicus brief in *Arch Resorts, LLC v. City of McKinney* opposing the city's attempt to apply its building codes and permitting requirements to land outside of its official boundaries without statutory authority.



Spreading the Message

The Center is using a variety of means to spread the message of local liberty. Last year, CLG launched a new Think Local Liberty website and engaged audiences online, now boasting a Facebook page with 2,000-plus "Likes." In February, our team helped to put on a one-of-a-kind regional conference for local officials in the Metroplex to discuss hyperlocal public policy issues. In September, CLG began sending regular email updates to every city, county, and school board official serving in major metropolitan areas. And in November, CLG hosted a full-day public pension summit, including a keynote from former San Jose Mayor Chuck Reed, that was widely viewed in person and online.

Getting Creative

CLG is doing more than just writing white papers. Our team is also using creative visuals to educate the public on complex conservative ideas. By messaging in memes, infographics, policy cartoons and more, we've been able to build the brand both online as well as in-person. And it's been especially useful to get our work in front of a group that may not see it otherwise—millennials.



CLG director James Quintero participated in a bag ban panel during Austin's annual SXSW conference.

Center for Economic Freedom

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 maintains an honest, open marketplace without coercion or distortion.

Title Insurance

Texas has the most heavily regulated title insurance market in the country. Unlike most other states, the government sets a fixed rate for a fixed title insurance policy, preventing competition for consumer's business. This led the Foundation to ask, why does Texas, a worldwide beacon of economic freedom and prosperity, have a title insurance market one might expect in Cuba? The answer is because the title insurance industry has worked with the Texas Legislature to ensure

higher profits for companies at the expense of consumers. To address this, the Center built a campaign around a diverse coalition of consumer, taxpayer, and business interests to introduce competition in this market. Research, commentaries in state and national outlets, and weekly briefs to the Legislature have created the opportunity in 2017 for Texas to allow companies to set competitive prices and thus save consumers hundreds of millions of dollars a year.

Corporate Welfare

Milton Friedman once said, "The smaller the unit of government and the more restricted the functions assigned government, the less likely it is that its actions will reflect special interests rather than the general interest." Unfortunately, the immense growth of government has changed government from being the means for the preservation of Americans' "life, liberty and ... pursuit of happiness" into an instrument through which others seek to appropriate their liberty and wealth. To reverse this trend and take advantage of the growing movement toward liberty in America (and other places like Great Britain), the Center took the lead for the Foundation's efforts to challenge growing partnerships between business and government to take money from taxpayers that businesses couldn't earn from consumers in a free market. Center staff spoke at events on this topic at the Rio Grande Institute in New Mexico, the James Madison Institute in Florida, and at numerous civic clubs in Texas. In addition, the Foundation hosted *A Debate*

on Corporate Welfare in Texas featuring speakers from all sides of the issue. The Foundation also published its very first ever *Policymaker's Guide to Corporate Welfare* that highlighted corporate subsidies at the state and local level plus regulatory systems that favor businesses over consumers.

Injured Workers

In 2016, the U.S. Department of Labor launched an investigation into Texas' private injury benefits market. This market exists in Texas because it is the only state in the nation that does not force most companies to participate in the state workers' compensation programs. Because of this, injured workers have better medical outcomes and experience less time off work. As a result, companies spend less money on health care. Yet the DOL said it would investigate Texas' private sector alternative because it is a "disturbing trend." In response to this attack on Texas and federalism, the Center's research and outreach campaign began the effort to explain the benefits that workers, employees, and the overall economy gain from Texas' unique market. The research showed that not only does the private sector alternative help workers in that system, but it benefits workers in Texas' workers' compensation system, which must compete with the private sector to prevent employers from fleeing the system.

Other Center Activities

Center director Bill Peacock and senior analyst Kathleen Hunker published 71 research papers, commentaries, and blog posts containing 91,345 words. Staff also had 93 substantive contacts with Texas legislators, executive officials, or staff.



Foundation President Brooke Rollins opens the primer on Economic Freedom held at TPPF in February 2016.

Center for Fiscal Policy

The Center for Fiscal Policy (CFP) advances prosperity through good stewardship of taxpayer dollars, promotes the principles of responsible taxation, and explains the benefits of the free enterprise system.

Conservative Texas Budget

CFP organized the Conservative Texas Budget Coalition with 12 other organizations that molded the upcoming 2018-19 budget debate around a conservative budget. By meeting with legislators and their staff, publishing research and op-eds, giving testimony and external speeches, and other outreach efforts during the interim, CFP and the Coalition made an impact. These efforts contributed to the 2018-19 spending growth limit of an 8 percent increase for general revenue not dedicated by the Constitution that was the lowest in recent years and lower than the usual projected growth in personal income for the next two fiscal years. However, this metric remains above the Foundation's definition of a conservative budget whereby the entire budget increases by no more than population growth plus inflation during the prior two fiscal years of 4.5 percent.

CFP worked with members of the American Legislative Exchange Council (ALEC) to pass model legislation based on their recommended spending limit reforms that can be used by legislators and think tanks nationwide. These are great strides to passing a historic second consecutive conservative budget for fiscal conservatives as well as for the people of Texas to continue to prosper.

Tax Relief

The Center provided peer-reviewed research to pass historic tax and fee relief in 2015, and continues to conduct high-quality research and work with legis-

lators to put the business franchise tax on a path to elimination. The Center continued to fight in 2016 for reducing the size and scope of government by restraining spending growth so that taxes can be cut. According to the Tax Foundation's small business tax climate index, Texas ranked only 14th best in the U.S. to do business; Texas can—and must—do more to improve its competitive ranking so that the Texas miracle continues.

Other Center Activities

Staff was extremely busy as it had substantive contact with more than 150 legislators or their staff in 2016. They also testified on four bills, wrote 31 publications over the course of the year, completed 23 interviews, and issued 33 press releases. These publications, as well as interviews and videos, were covered by over 300 media outlets, reaching nearly 16.2 million people; 7.5 million of which were reached by op-ed pieces alone.

The Honorable Talmadge Heflin, director, presented to the Republican Women of Texas, Kendall County on a review of the 84th Texas Legislature and at the Texas Association of Business Education Summit on school funding. Dr. Vance Ginn, economist, presented on the state of the economy at the CFO Leadership Council's meetings in Austin and Dallas, on unleashing economic growth through tax reform at the State Policy Network's Annual Meeting, and on the failures of the minimum wage

to top-notch high school students aboard the U.S.S. Lexington in Corpus Christi and to high school teachers at SMU's O'Neil Center for Global Markets and Freedom.

Staff members also authored more than 51 op-eds that appeared in publications like *Investor's Business Daily*, *McAllen Monitor*, *Washington Post*, *Dallas Morning News*, *Fort Worth Star-Telegram*, *Houston Chronicle*, *Austin American-Statesman*, and *San Antonio Express-News*, as well as online at Fox News, Forbes.com, the Texas Tribune, Daily Caller, The Federalist, Real Clear Policy, Jackie Daily Show, and National Public Radio, among others.



The Honorable Talmadge Heflin kicks off a primer on the Conservative Texas Budget held at TPPF last June.

Center for Education Freedom

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 Texas

Momentum for school choice in Texas is growing. With stated support from both the governor and lieutenant governor, the Center is poised to help lead the battle for more educational options for Texas families. In preparation for the upcoming Legislature, the Center helped to gather and lead a coalition of more than 30 schools and organizations, hosted multiple staff briefings, and continues to meet with elected officials across the state to solicit and secure their support. The Center for Education Freedom will continue to support all modes of expanded educational options so that every child, regardless of ZIP code, has the opportunity to enroll in an excellent school.

Center staff conducted extensive research on this topic in 2016, and published many studies which were featured or discussed in dozens of news stories. One series of studies focuses on the potential effects of Educational Savings Accounts (ESAs) in Texas, encompassing a broad array of social, economic, and educational impacts.

Benefits of ESAs:

- 🍏 Increased high school graduation rates and reduced drop-out rates.
- 🍏 Improved student college readiness.
- 🍏 Customized education serving the needs of individual children.

- 🍏 Opportunity for college savings for children who otherwise could not afford it.
- 🍏 Increased and improved options for special needs students.
- 🍏 Reduction in crime incidence for at-risk students.
- 🍏 Improved offerings in public schools.
- 🍏 Increased demand and benefits for good teachers.
- 🍏 Increased pay for Texas workers and reduced poverty rate.
- 🍏 Economic growth and job creation.

Paving the Way

In collaboration with the Center for Fiscal Policy and Center for Economic Freedom, Center staff published a benchmark manual on the structure of Texas school finance, with suggestions for meaningful reform. Soon after, the Texas Supreme Court upheld the Texas school finance structure as constitutional but criticized it as a “Byzantine ... system.” Accordingly, reform of the school finance system is expected to be a topic of the 2017 Texas

Legislature, and the Center is prepared to play an influential role in that discussion.

Other Center Activities

Interim committees have been meeting periodically throughout the year to prepare suggestions for the session. Center staff and allies have testified repeatedly on behalf of freedom in education before the House Public Education Committee as they shape the 2017 legislative agenda.

The Center released 16 publications, gave several interviews, and met with many key people around the state and in the Legislature about expanding the work accomplished by the Senate last session.



A rally for Education Choice was held on the steps of the Texas Capitol in January 2016.

Center for Higher Education

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 Center for Higher Education (CHE) has been championing affordable college degrees for a number of years. Its efforts bore fruit in 2014, when Texas A&M-Commerce and South Texas College partnered to launch the *Texas Affordable Baccalaureate Program*, which can cost between \$3,000 to \$15,000 total in tuition and fees, depending on the number of college credits with which the students enter the program. The program employs online learning during the early part of the curriculum. It also awards college credits for competencies already acquired during previous employment and/or military service.

In 2015, the Center for Higher Education testified in favor of a bill that would have expanded the Affordable Baccalaureate Program to all Texas public universities. Although the bill did not pass, the program's manifest merits led the AT&T Foundation to make a \$400,000 grant this January for the purpose of expanding the programs to eight more schools.

CHE deems this development to be nothing less than revolutionary. Why? Up until now, when the issue of tuition hyperinflation has been discussed, it has always led to calls either to raise taxes on state taxpayers or to raise taxes on federal taxpayers in order to subsidize student loans to an even greater extent.

But now, with the Texas Affordable Baccalaureate Program, Texas public universities are finally doing what Texas taxpayers have to do every day: learn to do more with less.

Other Center Activities

Center director Thomas Lindsay continued his work as a regular contributor to Forbes.com and RealClearPolicy.com on higher education issues.

Lindsay's piece in RealClearPolicy on the University of Missouri protests was one of the "Most Read in the Last 7 Days" on the site (Who Fired Melissa Click? Free Markets).

In September, Lindsay was invited by the U.S. House of Representatives Budget Committee to testify on higher education reform. He presented evidence that government subsidies, meant to make college more affordable are, in fact, making it increasingly more expensive.

The Center's website (www.SeeThruEdu.com), reached more than 250,000 Facebook "Likes." This places it among the highest totals for higher education websites, despite the fact that the site is much "younger" (only four years old) than these other sites, many of which have been up for a decade.



At left, Tom Lindsay testifies in Washington D.C. to the House Budget Committee on higher ed costs. Above, policy analyst Trevor McGuire discusses CHE's goals with the Midland Liberty Leadership Council.

Center for Effective Justice

The Center for Effective Justice (CEJ) provides policymakers with analysis, research, and policy recommendations to reduce the negative human and economic impact of crime on victims and communities. The Legislature has passed numerous criminal justice reforms to this end.

Interim Testimonies

In the Texas Senate, CEJ was invited to present testimony on matters relating to pressing issues in criminal justice. Before the Criminal Justice Committee, personnel were asked to outline reforms that could promote liberty and property rights. The liberty argument was furthered before the Transportation Committee as CEJ testified against the Driver's Responsibility Program, a double-jeopardy form of surcharges that have cost 1.7 million Texans their driving privileges.

In the Texas House, CEJ provided testimony before the Criminal Jurisprudence, Corrections, and Emerging Issues in Law Enforcement committees on conservative solutions to sentencing and policing.

Speaking and Events

Center staff hosted a two-panel summit on civil asset forfeiture reform at the Dallas headquarters of partner organization Institute for Policy Innovation. The panels focused



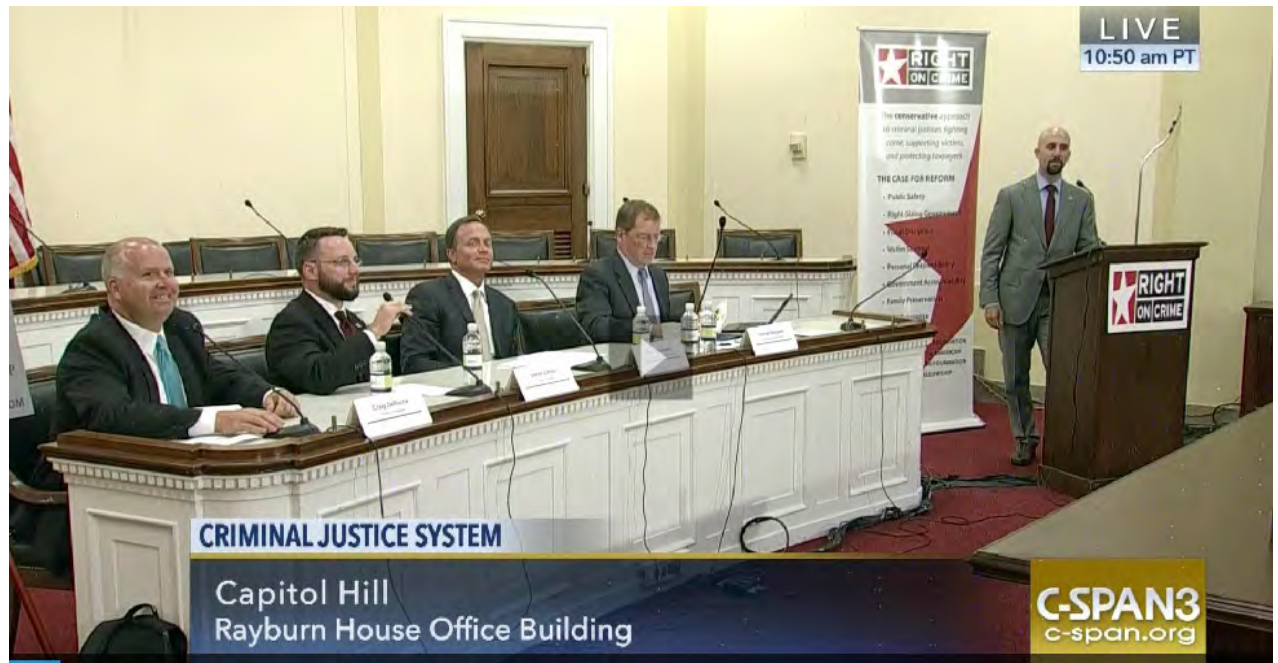
on the current state of forfeiture law in Texas and how it can be changed to increase law enforcement effectiveness while respecting individual property rights. A similar panel was hosted in Austin with our partners from the Charles Koch Institute, featuring Right on Crime policy and policing staff.

Center director Marc Levin was a featured panelist in the *Texas Tribune's* annual "Tribfest." His panel on race and policing was very well attended and will advance the dialogue between both law enforcement and the communities they serve.

Deputy director Derek Cohen provided the lunch keynote speech to the Juvenile Justice Symposium in Lubbock, focusing on the state of juvenile and restorative justice in the 85th Legislature.

Other Center Activities

Criminal justice reform is definitely a hot-button topic as Center staff testified on several bills in our nation's Capitol, as well as at the Texas Capitol last session. Its popularity was also evidenced by the broad media coverage of their 24 commentaries, 52 blog posts, and 20 publications.



In July, Right on Crime hosted a panel on Capitol Hill where they made the case for the success of conservative criminal justice reform in the U.S. At left, Marc Levin speaks at the National Association of Drug Professionals annual conference.

Right on Crime

The Center for Effective Justice's Right on Crime (ROC) campaign continues to be the national standard bearer for conservative criminal justice reform. Working in other states and in the federal government, ROC has managed to export the "Texas Model" of criminal justice to 11 states, with no signs of slowing down.

State Criminal Justice Reform

Right on Crime scored a hard-fought victory in Alaska, pushing the state's omnibus justice reform bill (SB 91) across the line after four days of contentious House debate, "poison pill" amendments, and demagoguery. While the final version was somewhat mitigated from the filed version, Alaskans still look to save hundreds of millions of dollars over the next decade AND the final version contains a provision eliminating civil forfeiture in most circumstances.

In Oklahoma, Gov. Fallin signed sweeping criminal justice reform legislation into law. Adam Luck had stewarded the legislation from the beginning and, thanks to his efforts, we saw an expansive overhaul of the criminal justice system based on conservative principles become reality.

Right on Crime's work in Kansas was rewarded with Gov. Brownback signing into law SB 367, an omnibus reform of the state's juvenile justice system.

Federal Engagement

ROC planned and executed three briefings on Capitol Hill, targeting House and Senate staff on the state successes of conservative criminal justice reform. After ROC testified in late October of 2015, the House voted to pass the reauthorization of the

Juvenile Justice and Delinquency Prevention Act. In addition, ROC was asked to provide technical support to the GOP on creating a conservative criminal justice resolution and ultimately amending the national platform to include supportive language.

Speaking Events

ROC signatory and former Texas Gov. Rick Perry gave two high-profile keynote speeches on criminal justice reform and benefiting the less fortunate at ALEC and SPN, both garnering national attention. Similarly, signatory Ken Cuccinelli gave another forceful keynote speech at RedState. ROC staff comprised half of the speakers at the Institute for Humane Studies' half-day criminal justice summit.

In addition, ROC personnel have presented conservative criminal justice reform at events hosted by the National Association of Former United States Attorneys, Michigan Council on Crime and Delinquency, Beacon Center, Aspen Institute, California Association of Counties, Victoria (AUS) State Parliament, Faith and Freedom Coalition, Florida TaxWatch, Republican Attorneys General Association, CPAC, Aleph Institute, and the Charles Koch Institute.

Policy analyst Joe Luppino-Esposito is guilty of being "right on crime" at the CPAC 2016 ROC booth.



Members of the CEJ/ROC staff meet with former governors Perry and Bevin at the State Policy Network (SPN) conference.

Armstrong Center for Energy & the Environment

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

Outreach Efforts

In 2016, the work of the ACEE achieved major outreach on a national and international scale. After Regnery Publishing's release of Kathleen White's (with co-author Steve Moore) book *Fueling Freedom: Exposing the Mad War on Energy*, Kathleen has received hundreds of requests for radio interviews, television appearances, and keynote speeches across this country and in Europe.

As Jay Lehr of the Heartland Institute noted in his review of the 250-page book: "The global war against fossil fuels is in fact a war against progress, prosperity

and the poor. No one has ever explained it better than Stephen Moore and Kathleen Hartnett White."

Her book's influence on energy and economic policies is now reflected in most influential policymakers in the federal government within the White House and Congress. Last fall, Kathleen had two meetings at Trump Tower with President Trump, Chief of Staff Reince Priebus, and Chief Strategist Steve Bannon. Along with Brooke Rollins, Kathleen was named one of 20 members of Donald Trump Economic Advisory Council.

During the late fall, Kathleen also worked with the Regulatory Policy Implementation Team of Presidential Transition, a part of the Transition Team focusing on policy recommendations for the Office of Management and Budget and the Office of Information and Regulatory Affairs in the White House.



Fueling Freedom authors Kathleen Hartnett White and Stephen Moore at a discussion and signing of their book held in TPPF's theater.

Fueling Freedom

Fueling Freedom is the story of human spirit. Through innovation and advancement of technology, the application of cheap, plentiful, versatile energy has completely changed the world and ignited modern life as we know it. The shale oil and gas revolution has gifted mankind with lasting health, safety, prosperity, and lifted billions out of poverty. History has shown that determined, creative, courageous, and most importantly, free men and women are the world's ultimate natural resource.

"Human beings can solve problems, generate abundance, and slay the dark forces that would subjugate humanity. When free and well-fed, human beings typically innovate to improve their lot, and those innovations benefit everyone. When scarcity arises, history shows that human beings figure out how to increase the supply or substitute one resource for another. Free human beings are problem-solvers and creators who so far have overcome the impasses that the pessimists have at every turn declared hopeless. The biggest threats to human flourishing are government dictates to save us from ourselves because they deny human liberty—the wellspring of innovation."

Fueling Freedom provides a comprehensive analysis of energy history before and after the economic revolution, illustrating the pivotal role that fossil fuels have played in cultivating modern growth that has proven the greatest and most unexpected surprise in all of economic history. In 2000, the energy consumption and income per capita in 63 countries were correlated at an extraordinarily close 96 percent. In less than a century, world gross product has increased from \$2 to \$32 trillion, a surge that is nothing short of spectacular. Using fossil fuels to harness electricity has transformed human life at home and at work. Through entrepreneurial spirit and imagination, mankind has both literally and symbolically overcome darkness. Adaptable, dependable, and clean heat, light, and power are now fundamental to civilization.

Thanks to fossil fuels, mankind is better nourished now than ever before. The United States has achieved three times as much food production as we did a century ago using one-third fewer man hours, on one-third fewer acres of land, and at one-third of the cost.

Fueling Freedom: Exposing the Mad War on Energy

Energy reliability is one of America's most valuable assets in fighting the war against terrorism. Dependence on oil imports from countries who oppose our most paramount values of individual liberty and economic freedom undermines the United States' role as the world's energy superpower. If our government steps back to let America be a leader in energy exports, then the influence that threatening countries and their allies hold will falter.

Any policy claiming to remedy climate change is in reality a call to further expand government control. The best path forward leaves the federal government with simple instructions to follow: let energy sources compete in the system of free enterprise.

"Countries that structurally enshrine economic liberty under the rule of clear and limited laws also achieve environmental quality."

Fueling Freedom is a warning, but, more importantly, is a message of hope for America and for the world.

Media

Following the book's release, Hartnett White has been featured on over 90 radio and television programs. Among these were Fox Business' Varney & Co and Making Money with Charles Payne, the Sean Hannity Show, CNN, CNBC, Daily Caller, EnergyWire, and American Family Radio News.

Upwards of 30 print media pieces surrounding *Fueling Freedom* have been published in *The Hill*, *National Review*, *National Observer*, FoxBusiness.com, Daily Caller, Townhall, Breitbart, One News Now, and others.

"The most important book of this election year makes the case for America's energy exceptionalism."

–Rupert Darwall, *National Review*

"No one has told the true story of the world's and particularly the United States' vast inexpensive non-polluting fossil fuels as Moore and White have. . . . The lucid, precise, comprehensive, yet simple writing style can set the world back on a course toward energy sanity."

–Jay Lehr, Heartland Institute

"This book should be mandatory reading for every member of Congress."

–Amazon customer



Kathleen Hartnett White and Stephen Moore's book "*Fueling Freedom*" hit stores in the summer of 2016.

Fueling Freedom Project

The Fueling Freedom Project moved aggressively in 2016 to defend the rights of states to exercise their traditional role in managing electric power production by relying on free markets to produce the lowest-cost energy to consumers and business.

In addition, the Project unapologetically promoted the critical importance of fossil fuels as central in producing health, wealth, and prosperity for Americans and across the globe. The Project's research and education efforts have shown results in the media, in the courts, and in the states.

Project Activities

The Project's "Energy for the Rising Generation" effort conducted research and polling to produce media aimed at the 18-to-35 cohort on principles of free market energy policy. This included panel discussions in Washington, D.C. and Cleveland, Ohio, as well as a session on the campus of Pennsylvania State University, each exploring climate and energy policy. In addition, a series of web videos was created discussing



Senator Lee speaks at the third annual Crossroads Summit held in Washington D.C., which was co-sponsored with the Heritage Foundation.

air quality improvements and the impact of climate change policies. One web video focused on the impact of the Clean Power Plan on the Navajo Nation. All received substantial traffic (600,000+ views) across all social media platforms.

The Project supported the efforts of the Foundation's Center for the American Future in their filing of an amicus brief in the challenge to the Clean Power Plan. Twenty-eight states and more than 120 businesses and organizations elected to sue the Environmental Protection Agency over the administration's flawed plan. On February 9, the United States Supreme Court approved petitioners' requests that the EPA rule be stayed until the rule could be evaluated by the courts. The D.C. Court of Appeals heard the case on September 27, and we await their ruling which will certainly be appealed to the Supreme Court. The Fueling Freedom Project wrote extensively on the case and the flawed rule, and sponsored a briefing in Washington, D.C. on the case with Attorneys General Ken Paxton (Texas) and Pat Morrissey (West Virginia).

The Project invested in building on the capacity of other state think tanks to oppose centralized climate and energy policy in their states by providing training opportunities, sponsoring workshops, and speaking at American Legislative Exchange Council meetings and at various State Policy Network-hosted events.

On December 8, the Foundation hosted its third "At the Crossroads: Energy and Climate Policy Summit" in Washington D. C. (Previous years' summits had been held in Houston and Austin.) The summit was co-sponsored by the Heritage Foundation. Noted climate scholars spoke, along with several leaders in Congress.

In the News

On the media front, the Project generated dozens of published op-eds, columns, radio, television, and media quotes in Real Clear Energy, The Morning Consult, The Federalist, POLITICO, One American News, The Daily Caller, National Review Online, *Tyler Morning Telegraph*, and *Richmond Times Dispatch*. In addition the Project published several key reports including:

- **"Why Suspending State Planning Makes Sense in Light of the Stay of the 111(d) Rule"** by Michael Nasi, partner with Jackson Walker L.L.P. The paper examines how states should react to the Supreme Court of the United States' stay of the Environmental Protection Agency's 111(d) Clean Power Plan rule.
- **"The EPA's Clean Power Plan Will Hurt the Poor and Middle Class the Most"** by Doug Domenech exposes how the administration's Clean Power Plan scheme will inflict hardship on people who will lose their jobs and on those who can't afford higher electricity prices.
- **"A Guide to Understanding Global Temperature Data"** by renowned meteorologist, Dr. Roy Warren Spencer, answers basic questions about global temperature data, climate change, and how it relates to energy policy.
- **"An Executive Summary of the Clean Power Plan Court Briefings"** by Michael J. Nasi, Mark Walters, and Jacob Arechiga from the Environmental & Legislative Practice Group at Jackson Walker L.L.P. in Austin, Texas. The report summarizes key arguments in the Clean Power Plan case.

Center for Health Care Policy

The Center for Health Care Policy (CHCP) recognizes that the health care system in Texas and the U.S. is broken—though we believe “sick” is a better descriptor since health care needs a medical rather than a political approach to policy. To cure a sick patient—human or system—one must first identify the root cause(s) and then dissolve it or them. Treating symptoms such as overspending or lack of care will merely and transiently make the patient feel better while the root causes progress and the patient worsens.

Cause of a Failing System

There are several root causes that make health care in Texas sick or dysfunctional including (1) the third party payment structure; (2) perverse incentives; (3) lack of transparency and accountability; as well as (4) a system where the parts are not connected—they are *siloed*. However, the primary, over-riding root cause is “cancer,” which has reprogrammed the federal government. Instead of serving the people, Washington serves itself by expanding the size, scope, reach, and thus the cost of the federal bureaucracy.

The CHCP can cure this cancer and restore both Texas and Texans to good health. Using itself as a demonstration project, the Texas Model will show the rest of the country how health care can work, if the market is freed to make use of its advantages.

In the summer of 2016, the Center recruited former pediatric cardiologist Dr. Deane Waldman as its new director. He continued the excellent work started by previous directors Arlene Wohlgemuth, Mary Katherine Stout, and John Davidson in three areas: Medicaid reform, releasing allied health personnel (also known as expanded scope of practice), and telemedicine.

Medicaid

Despite exhortations from Washington as well as some Texans advocating expansion of the Medicaid program under the ACA, the Texas Legislature seems firm (and wise) in avoiding this trap. The CHCP helped bolster their conviction by showing the disastrous effects of Medicaid expansion in neighboring New Mexico: a \$416 million Medicaid budget shortfall, and an increase in insured patients with a concurrent decrease in available care providers.

As of this writing, CHCP is finishing two papers for the Legislature directly related to Medicaid. “The Saga of 1115” details the history of Sect. 1115 Medicaid waivers and offers a series of options regarding its renewal. None of these options can solve Texas’ underlying problem with Medicaid.

CHCP is preparing a second paper describing a workable plan for Texas to opt-out of Medicaid. Titled “Texas Cares—An alternative to Medicaid for vulnerable Texans,” the paper details why—and more importantly *how*—Texas can stem our financial hemorrhaging caused by federal Medicaid mandates.

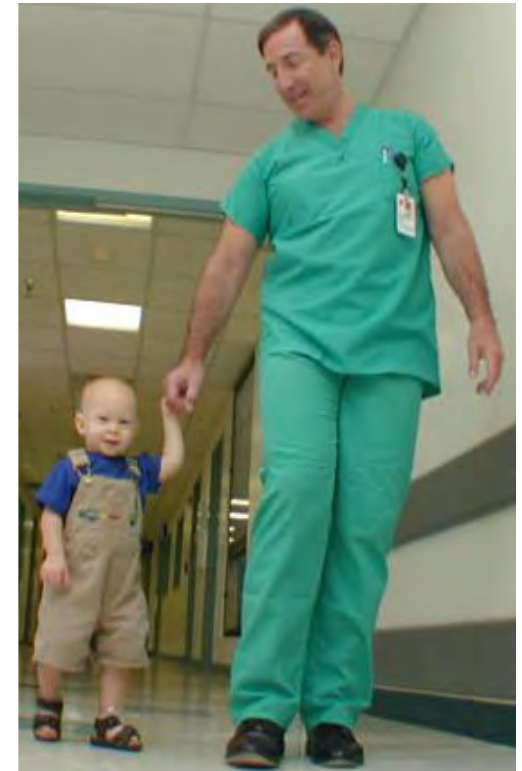
Lack of Care Available

Of Texas’ 254 counties, 126 are classified as medically underserved, and 25 counties have no doctor at all. Texas has a major problem with access to timely medical care for Texas residents, particularly the two to three million people who live in rural Texas and the inner cities where doctors won’t go.

In addition to making more money available for care services (by taking it back from the federal health care bureaucracy), there are two improvements we can

make directly and quickly to ameliorate the access issue: make better use of allied health personnel and utilize the technology of telemedicine.

CHCP is actively working on both issues advocating policies that will release the potential of advanced practice RNs, dental assistants, and other allied health personnel; and harness the potential of telemedicine to provide “distance care.”



Dr. Waldman with one of the most important reasons he is working to show the rest of the country how health care can work, if the market is freed to make use of its advantages.

Center for Tenth Amendment Action

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.

This fall, the Center for Tenth Amendment Action was fortunate to hire as its new director Chip Roy, who brings a wealth of political experience, along with a passion for individual liberty, to the position.



Governor Greg Abbott kicked off the Article V Summit with a reception at the Texas Governor's Mansion.

Federal Overreach

At TPPF's annual Policy Orientation conference in January, Gov. Greg Abbott gave the keynote address, and unveiled what he called his Texas Plan: *Restoring the Rule of Law with States Leading the Way*. He proposed nine constitutional amendments to curb federal overreach and restore the constitutional balance of powers between the states and the federal government.

The proposed amendments would “prohibit Congress from regulating activity that occurs wholly within one State; require Congress to balance the budget; bar administrative agencies and the unelected bureaucrats that staff them from making federal law as well as from preempting state law; empower a two-thirds majority of the states to veto a U.S. Supreme Court decision as well as to override a federal law or regulation; require a seven-justice super-majority vote any time the Supreme Court seeks to invalidate a democratically enacted law; limit the federal government to the powers expressly delegated to it in the Constitution; and enable state officials to sue in federal court when federal officials overstep their bounds.”

The mechanism he advances for introducing the amendments is found in Article V of the Constitution, which states that Congress “shall call a Convention for proposing Amendments” following “the Application of the Legislatures of two thirds of the several States.” The amendments are added to the Constitution if three-fourths of the states approve them.

Article V's inclusion in the Constitution demonstrates that America's Founders knew well the inevitable tendency of centralized power to expand beyond its constitutional limits. Hence, Article V provides the states a means to restore the balance.

Immediately following the governor's speech, TPPF, a long supporter of the Article V movement, took up the mantle. CTAA hosted an “Article V Summit” in May, which brought two dozen conservative state think tanks to TPPF for a two-day strategy session on how to build the nationwide coalition required to get to the 34 states needed to call an amendments convention under Article V.

Throughout 2016, CTAA has worked with Governor Abbott and the Convention of States Project, engaging in collaborative efforts with elected officials, policymakers, and thought leaders in other states with the view to assembling the needed 34 states for an Article V convention.

Other Center Activities

On the publication front, CTAA published a research study titled, “Who's Afraid of an Article V Convention of States? Answering Opponents' Concerns.” In addition, CTAA published pieces defending an Article V convention in *Forbes* and *RealClearPolicy*.

CTAA also has taken on the issue of federal funds that go directly to Texas local governments. Although all Texas state agencies must report to the state on any funds they receive from Washington, local governments are not under the same requirement, despite the fact that these funds affect the Texas economy as a whole. Therefore, CTAA argues, the Texas state government needs to implement a system to monitor and evaluate federal funding to local governments. This case is elaborated in “*Through a Glass Darkly: On the Need for Greater Transparency Regarding Federal Funds Going Directly to Texas Local Governments.*”

The Article V Project

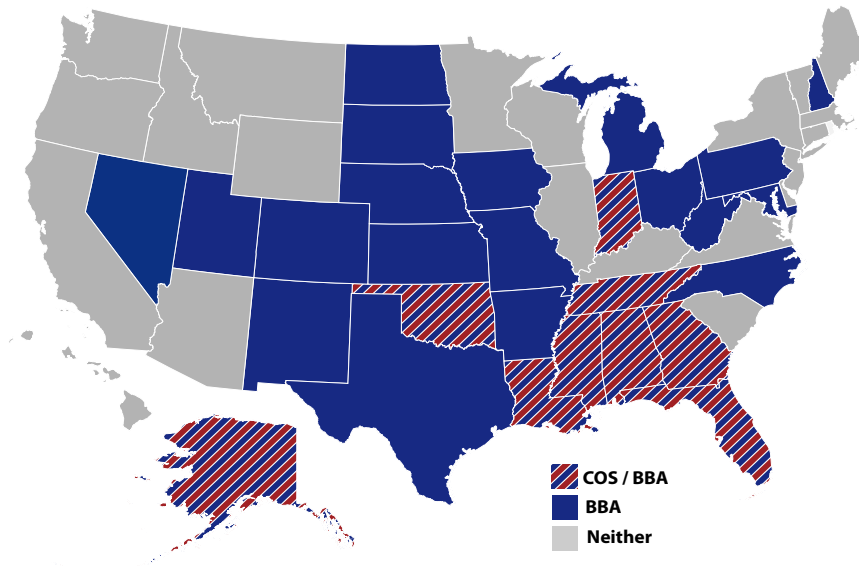
The Article V Project has been actively engaged in 25 states promoting the project with legislators and activists.

Specifically, project leader The Honorable Jess Fields has engaged legislators, influencers, and public policy organizations in 25 states on the Article V issue. CTAA hosted over 30 town hall meetings in numerous states, with anywhere from 20-40 attendees. These meetings were part of a broader strategy to set up ground teams to push forward the cause of Article V in the various states. These ground teams consist of key legislators, local think tanks, and other local grassroots organizations, and will act as our eyes and ears on the ground this spring when the legislative sessions begin.

Thanks to the Article V Project, working relationships were developed with public policy organizations in numerous strategically important states, including Arizona, Idaho, Iowa, Maine, Mississippi, Montana, Utah, and Wisconsin, among many others.

Some of these relationships are with several national organizations such as the Heartland Institute, the Second Amendment Foundation, and the Manhattan Institute. Others helped develop new support for the efforts from numerous influencers key to their states, such as Gov. Scott Walker. Work on this project contributed to the passage of Oklahoma's 2016 Article V application, and has positioned CTAA and the Article V Project to be on the forefront of the Article V movement around the country this coming spring.

Leading Article V Resolutions



The Balanced Budget Amendment Article V Resolution, put forward by the Balanced Budget Amendment Task Force, has been filed by **28 states**.

The Convention of States Resolution, put forward by the Convention of States Project, has been filed by **8 states**.



Mark Meckler, president of Citizens for Self Governance, presents a keynote speech at TPPF's Article V Summit held last June.

Foundation Events

More than 50 Foundation events were held in 2016, helping to spread a liberty-focused vision of a better Texas to all corners of the state. We were proud to expand our outreach to Texans and other liberty-loving Americans to help promote personal responsibility and free enterprise.

14th Annual Policy Orientation

Nearly 700 legislators, appointed officials, government executives, legislative staffers, sponsors, stakeholders, media, bloggers, and activists participated in 35 policy panels, plenary discussions, and lectures at the 14th Annual Policy Orientation, all focused on the future of Texas and beyond. Attendees of this year's program had the honor of listening to keynotes like Medal of Honor Recipient Sgt. Dakota Meyer USMC (Ret.), former U.S. Senator Phil Gramm, Gov. Gregg Abbott and former Gov. Rick Perry, Lt. Gov. Dan Patrick and Nevada Lt. Gov. Mark Hutchison, and Commissioner George P. Bush. Gov. Abbott delivered the closing keynote speech where he made the groundbreaking announcement calling for an Article V convention of the states to amend the Constitution for the purpose



The 14th Annual Policy Orientation featured a panel on Education Choice.

of limiting the power and jurisdiction of the federal government. A campaign delegation keynote panel also took place, at which advisors from top Republican campaigns, including those of Sen. Ted Cruz and Gov. Jeb Bush, discussed the 2016 elections. Eighty speakers participated in the policy panels, 33 of which were elected/appointed officials.

The event garnered the largest media coverage in the history of Policy Orientation. In comparison to Policy Orientation 2015, media hits increased 160 percent and impressions by 221 percent. We had an additional 2,000 livestream viewers. Outlets including *The Wall Street Journal*, CNN, *The Washington Post*, *Texas Monthly*, and many more covered the event, in addition to the Texas Tribune also livestreaming. The outcomes of this year's conference have cemented Policy Orientation as one of the nation's most influential and distinguished policy events.

Article V Convention of States Summit

In May, TPPF and the State Policy Network (SPN) co-hosted the Article V Summit with the effort to educate top national authorities on the Article V convention of states. The event kicked off with a reception at the Governor's Mansion, followed by dinner at TPPF with Gov. Greg Abbott, who participated in a live taping of *Uncommon Knowledge* as he discussed his "Texas Plan." The next day, Lt. Gov. Dan Patrick spoke at breakfast about federal government overreach and what the states can do to restore law-ordered liberty. Two panel discussions followed, the first being "What Would Happen If a Convention Were Actually Called?" The second panel was "What are the Risks and Rewards of the



Staff Sgt. Luke Murphy receives a standing ovation after his luncheon keynote during the Article V Summit.

Article V Convention Process?" at which policy experts discussed the pros and cons of the Article V convention of states. The luncheon featured Gov. Rick Perry, who introduced keynote speaker Staff Sergeant Luke Murphy, USA (Ret.), wounded warrior and author of *Blasted by Adversity: the Making of a Wounded Warrior*. The summit ended with an action session that discussed how states are reclaiming their sovereignty under the Tenth Amendment. Approximately 100 legislators, SPN staff, and activists were in attendance throughout the two-day summit.

Primers

The Foundation hosted a total of 12 policy primers in 2016 that showcased efforts to promote its mission of limited government, free market principles, and personal responsibility. The primer series covered a wide variety of different policy areas this year, including economic freedom and corporate welfare, school finance, civil asset forfeiture, shared economy,

health care policy, and challenging the Clean Power Plan. Panelists ranged from elected and appointed officials to policy experts to individuals personally affected by the cause. Notable panelists included Texas Attorney General Ken Paxton, West Virginia Attorney General Patrick Morrisey, and Rep. Richard Corcoran, speaker-designate of the Florida House of Representatives, 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 attendees.

Inaugural Houston Awards Dinner

On November 15, the Foundation held its inaugural Houston Awards Dinner at Hotel Zaza, which was co-chaired by Windi and David Grimes. Approximately 275 guests helped raise over \$250,000 while enjoying a wonderful celebration honoring two Texas patriots. Lt. Gov. Dan Patrick received the *Ronald Reagan Award* and George W. Strake Jr. received the *Sam Houston Award*. Many statewide elected officials, representatives, and senators attended the dinner, along with Texas Supreme Court Justices John Devine and Jeff Brown and Attorney General Ken Paxton.

Crossroads Summit

On December 8, 2016, the Texas Public Policy Foundation hosted its third annual “At the Crossroads: Energy and Climate Policy Summit” in Washington, D.C. Co-hosted by the Heritage

Foundation, this full day-long conference was filled with 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 the summit live online.

The event opened with congressional updates from Utah Sen. Mike Lee, Texas Congressmen Lamar Smith and Pete Olson, and Alabama Congressman Gary Palmer regarding the importance of the 2016 presidential election and what it will mean for the fight against the Clean Power Plan. This was followed by a keynote speech from Oklahoma Sen. James Inhofe, chairman, U.S. Senate Committee on Environment and Public Works.

Five panel sessions were held with more than 20 world-renowned energy experts to discuss the energy industry and the economy, if CO₂ is really a pollutant, and climate science. The summit concluded with a dinner and a keynote address by Kathleen Hartnett White and Stephen Moore discussing energy policy in the Trump administration.

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



Director James Quintero with the Center for Local Governance moderates a primer on Austin ride sharing.



Lt. Gov. Dan Patrick and George Strake Jr. were honored at the Houston Awards Dinner.

Communications



At top, CAF lead counsel Rob Henneke discusses the implications of Judge Scalia's death on the Supreme Court's future during the election. Former Gov. Rick Perry holds a news conference at TPPF after charges of abuse of power against him were dropped by the Texas Court of Criminal Appeals.

Year after year, the Texas Public Policy Foundation's communications achieve new records and 2016 was no exception. The Foundation set another record for a non-session year, surpassing 2014 on every metric. Media hits increased more than 7 percent with more than 4,695 mentions of the Foundation in the news. The audience is up 40 percent to nearly 800 million. The number of press releases sent out increased by 53 percent, and Foundation scholars wrote nearly 300 op-eds for newspapers across the country.

The year began with the 14th Annual Policy Orientation, which set the tone for the coming media year with over 500 mentions in outlets such as the Lone Star's "big five" newspapers, CNN, and *National Review*, as well as live local television coverage.

In June, the Foundation filed a lawsuit to halt the city of Austin's short-term rental (STR) ordinance restricting property owners and guests. TPPF's Center for the American Future, aided by the Center for Local Governance, represents individual property owners and entrepreneurs in the lawsuit, *Zaatari et. al v. City of Austin, et al.*, seeking declaratory and injunctive relief from the unconstitutional city ordinance.

The unconstitutional ordinance restricts the freedom of people like Ahmed to make a living for his family. Through media efforts, their story garnered over 100 media hits in less than 24 hours. The communications team helped tell the

Zaatari's story through a moving video produced entirely in-house.

This video was just one of the many original productions the communications team released this year. In March, the Foundation released a poignant short video that explores the negative effects of the Clean Power Plan on the Navajo Nation, Arizona, and the Southwest where the EPA's regulation threatens to shut down two large power plants and coal mines—operations that provide much of the revenue for the Navajo Nation as well as good-paying jobs. Throughout the summer and fall, videos told the stories of three families who would benefit from education freedom. All the videos are available for viewing on the Foundation's website, Facebook page, and YouTube page.

The Foundation's scholars penned opinion-editorials at a rate of nearly one op-ed 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*.

The national influence of the Foundation has not gone unnoticed in the media. In December, *E&E News*—a leading national energy and environment publication—wrote:

To anyone in Texas politics, TPPF isn't just shorthand for another think tank. It's a conservative guidepost, a place where state leaders gather, a deeply influential voice in a deeply red state.

Now, in the wake of Donald Trump's election, the Texas Public Policy Foundation is assuming a more national role, with key figures in the mix as the president-elect stocks his administration and looks to reshape federal energy and environmental policies.

Communications helped to expand this national reach by livestreaming all Foundation events on its website at txpo.li/TPPFlive, and taking advantage of Facebook's new live video function. Through Policy Primers, discussion, and keynote addresses from 901 Congress Avenue and other venues, the message of liberty, personal responsibility, and free enterprise can now be viewed from anywhere in the country and the world.

Overall, 2016 set a new bar for Foundation communications as the message of freedom and prosperity resonated across the Lone Star State and our great nation.



At left, President Brooke Rollins takes part in a video on job creation in Texas. Below, Dr. Vance Ginn discussing the benefits of passing what could be a historic second consecutive conservative Texas budget.



VP of National Initiatives Chuck DeVore gives Fox an interview about how imprisonment doesn't necessarily indicate a reduction in crime.



Center of Higher Education director Tom Lindsay is interviewed about college tuition hyperinflation and student loan debt.

Development

In June, even the *Houston Chronicle* admitted that “there is no powerhouse in state [policy...] as a whole...quite like the Texas Public Policy Foundation.” Our work is taking on new proportions, and adding new spheres of influence almost daily—and in all these new opportunities, we bring the old heart, the unwavering commitment to the foundational principles of this organization and of our great nation. The secret behind the strength and integrity of TPPF’s voice is this—it’s made up of the voice of thousands of individual Texans, who share a conviction in the pivotal importance of our mission.

The work in this report—this state and national vocation—is only made possible through the support of committed and generous Texans. Through their unstinting generosity, these patriots are the ones who are truly leading the restoration of America’s founding values across this great nation.

You’ve been reading about the big picture—TPPF’s work for liberty in Texas, and in the other 49 states—our dedication to securing a better future in litigation, education, energy and the environment, criminal justice, federalism, the state budget, and more. But behind this big picture are the individual investors in liberty. Below, we feature some of the many faces and voices behind our work, and offer their stories as tokens of our immense gratitude to all our supporters and friends.

Lone Star Legacies

When we asked these committed patriots why they give, their answers were almost always the same. When they invest in the Texas Public Policy Foundation, they are investing in the restoration of liberty for themselves and for their children and grandchildren.

Building on the success of our capital campaign that led to the opening of our new headquarters building last year, we have begun to grow and develop a network of patriots who want to secure the future of the Texas Model in an enduring way. TPPF’s Lone Star Legacy Society allows Texans to make a commitment to TPPF in their will or estate plan, ensuring that their commitment to liberty knows no end.

Roger Keats is a former Illinois state senator, but in 2011, he and his wife Tina “voted with their feet and their wallets” and left behind Chicago’s corruption and high taxes to move to the Lone Star State. As a principled, conservative legislator, Roger spearheaded unprecedented bipartisan reform of the Illinois financial services industry, worked with the Chicago mayor to ensure the long-term financial viability of the city’s mass transit system, and took on the reform of the notoriously corrupt Cook County Courts. In a unique way, he knows why Texas’ commitment to small government, low taxes, low regulation, and a high degree

of freedom is special. “Texas is not an accident,” he told us. “It takes effort to stay this way.” To ensure that the effort carries on for many more years, the Keats became members of the Lone Star Legacy Society earlier this year. “[It’s] not about my future,” Roger said when he joined. “It is about my grandson’s future.”

Everett Schmidt’s home in Georgetown, Texas, is filled with the things he loves and values—a Steinway grand piano and beautifully framed copies of the Constitution and the Declaration of Independence among them. A former band director and college academic dean, Everett believes, like many Americans, that the legacy our Founders left us is truly unique, and deserves special protection. “I began to support the Texas Public Policy Foundation years ago,” he said, “because they were working so hard to defend and advance the philosophies that will preserve the kind of liberty and prosperity we enjoy.” When he started to think about what he “wanted to leave behind,” he turned to TPPF to continue this mission.



The Honorable Roger Keats and his grandson Emmett.



Everett Schmidt believes in the preservation of liberty through his support.



Norm Cooper is a proud member of the Lone Star Legacy Society.



The Midland Liberty Leadership Council meets on a monthly basis. Chapters are also active in Houston and Austin, and forming soon in Dallas and Fort Worth.



TPPF's Kevin Roberts welcomes guests to the first Houston Awards Dinner while President Brooke Rollins looks on.

Norman Cooper first heard about TPPF in a 2009 direct mail letter sent out by our Development team. A soft-spoken man who specialized in civil and structural engineering, he founded his own engineering firm, Norm Cooper, P. E. in 1984, after serving on the policy staff of the United States Secretary of Transportation, working in highway and traffic engineering, and once coming under artillery fire while he was serving as a United Nations Consultant to the Israeli government during the 1967 Six Days' War. When he encountered TPPF, what impressed him was our "action-oriented operational model," our "record of achievement," and our "ability to appeal to 'regular people,' rather than special interests and politicians who just want to be re-elected." He chose to contribute to the Legacy Society to ensure that TPPF

"continues to exist and to work on behalf of regular people—people like my daughters and grandsons."

The Next Generation of Freedom Fighters

In 2016, we also had the first big year for our new Liberty Leadership Councils. Centered in major cities around our state—Austin, Houston, Dallas, and more—these assemblies gather patriots under forty to meet, mingle, and focus on building the future of our liberty movement, one city at a time. These faces are the future of Texas—young, smart, bold, and committed to the future of the Texas Model that raised them. We will be founding councils in more cities in 2017.

The Future We Invest In

To those who partnered with the Foundation in 2016, thank you! Generous private donations are truly the

lifeblood of this organization. Thanks to the voluntary support of Texans like you, we are pleased to report that we once again met our annual fundraising goal—in fact, we raised more money than ever before! And as always, you can know that every cent invested goes toward the progress and the continuation of liberty. None of the work we do would be possible without your belief in the merits and magnitude of what we do.

Those who give to the Texas Public Policy Foundation supply the resources necessary to implement world-class policy solutions and to restore the treasured ideals of American liberty to life for years to come. It is these individuals who enable the Foundation to meet the task ahead with valor and joy—for themselves—and for all of our children and grandchildren.

Finances

As always, 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	\$7,570,337
Prepaid	\$60,515
Property & Equipment	\$19,497,231
Total Assets	\$27,128,083

Liabilities

Current Liabilities	\$116,443
Deferred Revenue	\$116,100
Long-Term Liabilities	\$1,500,000
Total Liabilities	\$1,732,543

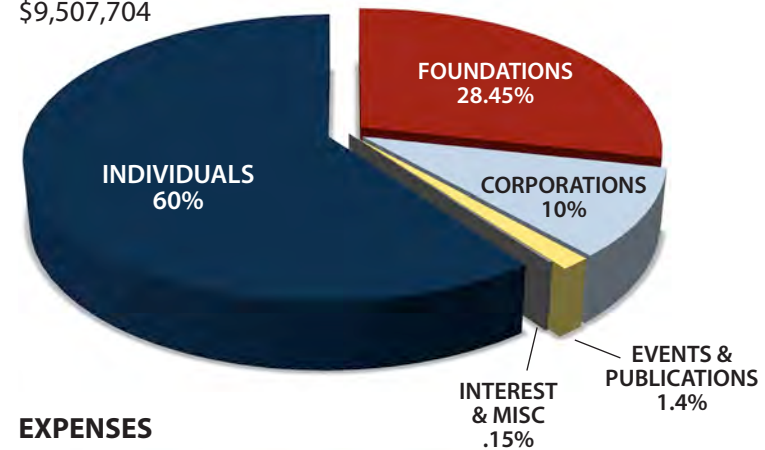
Net Assets

Equity – Prior Years	\$15,644,451
Equity – 2016	\$9,751,089
Total Net Assets	\$25,395,540

Total Net Assets & Liabilities	\$27,128,083
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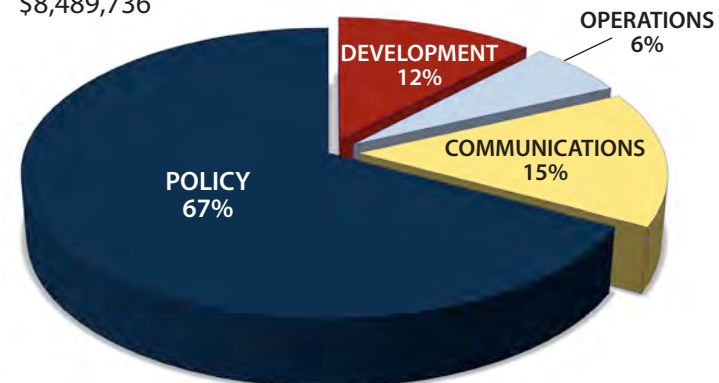
OPERATING REVENUE

\$9,507,704



EXPENSES

\$8,489,736



Note: All financial data is subject to review by independent audit.

Foundation Staff



On behalf of the entire staff of the Texas Public Policy Foundation, thank you for joining us in the fight to restore liberty in America. Your generous support has paved the way for Texas to lead the country in returning to the vision of our Founding Fathers.

The Foundation's mission is to promote and defend liberty, personal responsibility, and free enterprise in Texas and the nation by educating and affecting policymakers and the Texas public policy debate with academically sound research and outreach.

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