Free Markets
Limited Government
Private Property Rights
Individual Liberty & Responsibility

Illuminating Ideas

Texas Public Policy Foundation
2003 Annual Report
Our Mission

The Texas Public Policy Foundation is a 501(c)3 non-profit, non-partisan research institute 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 general public with the “intellectual ammunition” for constructing a better tomorrow for all Texans.

Our Core Principles

Free Markets
Limited Government
Private Property Rights
Individual Liberty and Responsibility

“...dubbed the ‘official think tank of Texas’ by friends and foes...”

The Dallas Morning News
January 30, 2003
Fifteen years ago, a small group of civic-minded Texans created the Texas Public Policy Foundation to bring independent, market-based thinking to tackle problems facing state government. Through the years, the Foundation has championed solutions and won support for market-based policies that have made Texas a better place to live and work. While the Foundation has grown increasingly effective with each passing year, 2003 was remarkable. The 2003 Annual Report describes how the Foundation scaled new heights of productivity and effectiveness while facing immense challenges.

We opened the year with the ground-breaking Policy Orientation for the Texas Legislature. The Orientation was unprecedented in size and scope and helped shape the course of the 78th Texas Legislature. During the legislative session, we stood by policy leaders as crises threatened the state budget, health care, civil justice, and insurance. We produced data-driven research, proposed practical solutions, brought in technical experts, and popularized market-based reforms on talk radio, with newspaper commentaries and presentations.

As the 78th Session concluded, legislators directed their attention to school finance, anticipating a special session in early 2004. We shifted gears and focused our resources on education funding and state taxes. Throughout the remainder of the year, we worked side by side with experts and legislators to improve the performance of public schools and the vitality of our state's economy.

While championing solutions for urgent state problems, we also solved challenges inside the Foundation. Financial reserves, depleted during 2002, were restored by prudent spending, restructuring, and consolidation. We found new ways to accomplish more with less and strengthened our stewardship over the contributions entrusted to us. We closed the San Antonio office in July and concentrated our activities at the Capitol. In Austin, we created two new positions – a chief economist to expand our technical know-how and a research director to align all activities with our primary mission. Michael Quinn Sullivan, director of media and government relations, was transitioned into the vice presidency to provide leadership for the Foundation and the state policy community.

At the close of my first year as president, I would like to express appreciation for the warm welcome given to me and to thank all of you who expressed confidence in the Foundation by funding our work. Together, we achieved many successes in 2003. I expect 2004 to be another banner year. Please continue to stand with us because today, as in 1989, the Foundation is still Texas' only free market think tank and there is much work to do.

For Texas,

Brooke Leslie Rollins
President of the Texas Public Policy Foundation
The Foundation crossed the political aisle to bring most state legislators, their staff, agency leaders and individuals who work with state government together in a Policy Orientation to open the Texas 78th Legislative Session. More than 600 individuals attended the Orientation at the Four Seasons Hotel in Austin on January 28-29 and February 3-4, 2003, and an even larger audience tuned in to a live videocast over the Internet.

The hottest problems facing Texas were examined: school finance, taxes, insurance, civil justice, school choice, transportation, health care, water, higher education, and border issues. Over 60 legislative leaders were paired with state and national policy experts on panels that debated opposing points of view. Top state leaders stepped to the podium throughout the four days. The Governor, Lieutenant Governor, House Speaker, Attorney General, Railroad Commissioner, Agriculture Commissioner, Secretary of State, and Chief Justice of the Texas Supreme Court identified policy priorities and hailed the 78th Session as an unprecedented opportunity to improve Texas with market-based reforms.

The Orientation was acclaimed as a success by policy leaders for prioritizing key state issues, offering an array of practical solutions and identifying technical resources. Widely covered by state news media, the conference accorded the Foundation recognition as the “official think tank of Texas by friends and foes alike,” according to The Dallas Morning News.

This success pushed the Foundation to the forefront of policy debates throughout the 78th Texas Legislature, and helped outline our goals for research in 2003.
Lieutenant Governor David Dewhurst addresses the Policy Orientation for the 78th Texas Legislature.

Newly elected House Speaker Tom Craddick (R-Midland, above left) offers his thoughts on the Session to attendees at the Policy Orientation for the 78th Texas Legislature. Texas Attorney General Greg Abbott (above right) addresses the Orientation.

Representative Glenn Lewis (D-Fort Worth) answers questions during a panel discussion on education at the Orientation.

Former U.S. Secretary of Education Bill Bennett was a featured Policy Orientation speaker and panelist. Here he joins Foundation board member Jeff Sandefer, Senator Royce West (D-Dallas) and Representative Geanie Morrison (R-Victoria) on a panel discussing higher education issues.
First Goal for 2003
Improve Economic Vitality By Cutting State Spending and Heading Off Tax Hikes

A fiscal crisis awaited the 78th Texas Legislature. After several decades of increased spending, a flagging economy and diminished tax revenues produced a nearly $10 billion deficit in the state budget. Some legislators called for new taxes and massive tax increases to expand the state’s largest functions – health and education.

Our research provided data to refute the need for bigger government and identified unnecessary expenditures. We identified practical, cost-saving solutions to improve the quality of government services and give Texans greater control over their lives. Commissioning a poll of voting Texans, we substantiated strong opposition of both Democrats and Republicans to an income tax. The following research was published to help shape the debate and identify free market solutions.

Converting Challenges to Opportunities by the Honorable Maurice P. McTigue, Q.S.O. (Distinguished Visiting Scholar and Director of the Government Accountability Program at the Mercatus Center, George Mason University and former Cabinet Minister of New Zealand). This four-page policy perspective describes how New Zealand eliminated a 23-year deficit, reduced taxes, and increased revenue by results-based spending. Published - February 2003.

Defined Contribution Health Care Plans: Benefits for Consumers, Employers, Physicians and Insurance Companies by Haavi Morreim (Heritage Foundation Fellow and Professor, College of Medicine, University of Tennessee). This two-page policy perspective identifies benefits of replacing traditional health insurance with consumer-based plans in which the individual determines the price and type of covered services. Defined contribution health insurance and flexible savings accounts provide the opportunity for individuals to tailor insurance to specific needs, multiply benefit options, improve health services, and control cost. Published - April 2003.

Securing the Safety Net for Texas Children: Cutting the Budget and Strengthening the Children’s Health Insurance Program by Chris...
Who are the uninsured?

By CHRIS PATTERSON

Another horrifying announcement from our newspapers a few weeks ago — millions of Americans are uninsured.

Patterson (Texas Public Policy Foundation) and Devon M. Herrick (Research Manager, National Center for Policy Analysis). This 13-page report provides practical ways to control costs of the several hundred million dollar program partially responsible for unbalancing the state budget: focusing health services on the neediest children, enforcing statutory parameters, eliminating services beyond federal requirements, and increasing co-payments. It proposes a larger role for private sector insurance.

Channeling state subsidized care through employer health insurance plans and eliminating state restrictions on benefit plans will increase the variety and affordability of health insurance for all Texans. Published - May 2003.

Public School Employee Health Insurance: Bane or Boon to Balancing the State Budget? by Dwight McNeill, Ph.D. (Visiting Scholar, Brandeis University). This 16-page report examines the most fiscally vulnerable state program, created by the last legislature and funded for just one year, and identifies how state costs can be reduced by one-third.

Introducing cost-sharing provisions, health savings accounts, and giving employees the flexibility to determine the amount of compensation allocated for health insurance will improve the quality of health care while controlling costs. Published - May 2003.

The Business of Government? Competition Between Texas Governments & the Private Sector by Wendell Cox (Principal, Wendell Cox Consultancy and Visiting Professor, Conservatoire National des Arts et Metiers in Paris). This 27-page report identifies commercial enterprises performed by state and local governments in Texas, at an estimated annual cost of $20 billion. These government activities are generally subsidized by taxpayers, expand the size of government, diminish economic efficiency, and suppress economic growth. It outlines how Texas can improve the state’s economy and personal incomes by minimizing government competition in consumer markets. Published - September 2003.

Second Goal for 2003

Ensure Texans Can Buy and Own Homes By Shrinking State Regulation of Insurance

The 78th Texas Legislature was also faced with a crisis in homeowners’ insurance. Between 2000 and 2001, the cost of insurance premiums for homes had increased up to 200 percent and Texans were paying the highest premiums in the nation. At the same time, a growing number of Texans were unable to purchase homeowners’ insurance at any price because companies were limiting or stopping sales entirely in the state. To ensure Texans could continue to buy and sell homes, the Department of Insurance created a program of last resort for homeowners who were denied insurance. As the situation worsened, some legislators called for increasing regulation of insurance companies – fixing prices and forcing companies to reduce the cost of premiums.

Our research provided data to refute the need for increased state regulation and furnished evidence that these “solutions” would result in higher insurance rates and make homeowners’ insurance even harder to procure. We identified how other states solved this crisis by allowing supply and demand to replace state regulations. The following research was published to help shape the debate and identify free market solutions.

Shopping for a Solution: Effective Consumer Protection through Competitive Regulation of Insurance Rates by Nathaniel Shapo (former Director of the Illinois Department of Insurance and Partner, Sonnenschien Nath & Rosenthal). This 21-page report identifies how government regulation and price fixing have interfered with the economic law of supply and demand in Texas and other states,
depressing availability and affordability of homeowners’ insurance. It describes the success of reforms in Illinois and South Carolina that expand the insurance market and control costs. It proposes that government focus resources on company solvency, market conduct and consumer complaints, and replace mandated forms and rate regulation with reliance on federal anti-trust laws and competition. Published - April 2003.

Third Goal for 2003
Increase Availability of Health Care for Texans By Halting Lawsuit Abuse

Interim committees of both the Texas House and Senate identified the growing physician shortage as a crisis that had to be solved by the 78th Texas Legislature. In 2002, only 64 primary care physicians treated every 100,000 Texans while up to 80 physicians treated a similar number in other states. Throughout the state, Texans faced routine delays in care, sometimes life-threatening delays when forced to seek care in distant cities. The skyrocketing cost of medical malpractice insurance, primarily the result of frivolous lawsuits and exorbitant payouts, had forced physicians and medical facilities to limit care or close. Some legislators called for the state to fix the price of medical malpractice insurance rates while others called for greater regulation of physician conduct and tougher penalties for negligent physicians.

Our research provided evidence to refute the need for increased state regulation and instead identified the civil justice reforms effectively employed by other states to attract and keep health care providers, and to improve health care outcomes. The following research was published to help shape the debate and identify free market solutions.

Critical Condition: How Lawsuit Abuse Is Hurting Health Care & What Texans Can Do About It by Chris Patterson (Texas Public Policy Foundation), Colleen Whalen (Attorney and Counselor at Law and Adjunct Professor of Medical-Legal Issues, State University of New York) and John Pisciotta (Associate Professor of Economics, Baylor University). This 23-page report examines the ineffectiveness of litigation in identifying medical negligence and gives evidence of the impact of frivolous lawsuits in Texas. Describing how lawsuit abuse diminishes the quality and availability of medical care and civil justice reforms introduced by other states, it proposes that Texas cap non-economic damages to increase the supply of medical providers and improve the quality of care. Published - April 2003.

Fourth Goal for 2003
Efficient and Effective Funding for Texas Schools By Responsible Taxation and Spending

Before the gavel sounded on the 78th Legislature, state leaders pledged to fix or replace the state system of funding public schools, widely known as “Robin Hood.” To signal this intent, the House Education Chair filed a bill to terminate the school finance system. The system had been widely criticized by the press and groups across the political spectrum. Homeowners and businesses demanded relief from high and climbing property taxes; since 1980, property taxes had increased 367 percent, a rate comparable to 8.5 percent compounded annually.

New, additional monies above and beyond current levels of funding were needed, claimed educational associations, to meet new state and federal requirements for higher levels of student achievement. Three “property-wealthy” school districts brought charges against the constitutionality of the state school finance system in a suit that many see as the most serious legal challenge to the system ever faced.

Many legislators called for increasing the state’s share of education funding and increasing the current level of funding for public schools. Some legislators called for
increasing current taxes to provide additional state revenue for public schools. Others called for fundamental tax reform, claiming the current tax system suffers from a “structural deficit” that prevents the state from generating sufficient revenues for all state services, and called for the creation of a personal income tax.

Our research alerted state leaders about the importance of viewing educational funding as a component of the broader system of state finance, and the delicate relationship between taxes and economic health. We revealed state spending, not revenue, as the greater problem facing Texas and showed our current tax system generates sufficient revenue to keep pace with expenses attributable to enrollment growth and inflation in public schools. We produced evidence from other states to show the disastrous consequences of imposing a personal income tax.

Our research found no evidence to support claims that public schools need more money but instead found evidence that more effective allocation of money could improve student performance. We commissioned a poll of Texans to assess voters’ opinions of school spending and discovered the majority of Texas voters believe public schools do not make efficient use of current funding. The following research was published to help shape the debate and identify free market solutions.

**Guiding Principles for Reforming Texas School Finance**

This single page policy perspective identifies standards for tax and education spending that will shape the Foundation’s research and can serve as a resource for changing the state system of public school funding and state taxation. The standards are based on research, economic principles and factual evidence, and argue for: increased fiscal efficiency, stronger accountability for public dollars and educational results, replacing state mandates with local control, the introduction of competition, and effective resource allocation to obviate need for increased dollars to public schools. Published - September 2003.

**Follow the Money: A 50-State Survey of Public Education Dollars** by Chris Patterson, Chad Blevins and Andrew Brown (Texas Public Policy Foundation). This 78-page report identifies how public education dollars fit into the overall financial structure of each of the 50 states and examines the relationship between state spending, revenues, and personal income as a measure of each state’s ability to sustain public education funding. For Texas, this report indicates education spending compares favorably to other states but that government continues to grow, state government spends more than annual revenue, and increased taxation will jeopardize the state’s economic health. Published - November 2003.

**Texas School Choice: Separate and Unequal** by Kyev Tatum (President, College Preparatory School of San Marcos). This two-page policy perspective describes why a new system of funding public schools should incorporate school choice to improve educational outcomes, particularly of under-served children, and introduce fiscal efficiencies. Published - August 2003.

**Putting the Sides Together: Twelve Perspectives on Texas Public School Finance** edited by Chris Patterson. This 222-page report identifies key voices and ideas on school finance reform in Texas. It provides a market-based framework for the debate: citing research to refute claims that schools require more funding to improve student performance, showing how levels of funding are less important than how money is allocated, describing the evidence that competition improves the fiscal efficiency and academic effectiveness of public schools, and demonstrating the adequacy of our current state tax system to generate sufficient revenues for public schools. Published - December 2003.
The Foundation has made a significant impact on the lives of Texans by championing market-based solutions to our state’s most pressing problems. During 2003, we aggressively marketed our research by engaging policy leaders, working with the news media, and communicating with community groups throughout the state. We articulated the issues, provided the information to support market-based policy and popularized ideas to strengthen public support for market-based reforms.

**News Media:** In 2003, the Foundation was featured in more than 600 newspaper articles and radio interviews around the state. The media publicized our activities and reports as breaking news, and sought us to provide insights on key policy issues. We were asked to provide background information when reporters delved deeply into issues. During the year we issued two press releases each month, on the average, and published commentaries at least once a month in newspapers throughout the state.

**The Internet:** To better serve legislators, donors and the public, the Foundation completely redesigned its website in 2003, and moved to a new domain, www.TexasPolicy.com. The new site is easy to navigate and is used by more than 10,000 visitors a month.

**Presentations:** Almost 100 community, political, and academic organizations across Texas invited us to share information about state policy problems and market-based solutions throughout the year.

**Resource Center:** The Foundation served as a primary resource for state policy in 2003. Legislative offices, both Republican and Democratic, contacted the Foundation to request in-depth information on a broad range of issues. We were invited to address graduate public policy programs in universities throughout the state, and our extensive body of research was frequently cited in academic publications. Our groundbreaking research was disseminated to free market public policy groups throughout the nation and frequently distributed to legislative bodies in other states.

**Recognizing Leadership:** At the end of the 78th Legislative Session, the Texas Public Policy Foundation recognized elected officials who held the line on taxes and promoted free market ideas on important issues.

For commitment to the principles of liberty, good government and sound policy through their leadership during the 78th Legislature, the Foundation presented the Lone Star Leadership Award to Governor Rick Perry, Lt. Governor David Dewhurst, House Speaker Tom Craddick, state senators Ken Armbrister, Jane Nelson, and Florence Shapiro, and state representatives Dennis Bonnen, Dianne White Delisi, Kent Grusendorf, Talmadge Heflin, Mike Krusee, Kenny Marchant, Joe Nixon, and Arlene Wohlgemuth.

For actively promoting sound public policy during the 78th Legislature, the Foundation presented the Texas Hero Award to state representatives Carl Isett, Bill Keffer, Glenn Lewis, Larry Taylor, and Ron Wilson.

**Policy Experts:** We were pleased to provide Texas policy leaders with the free market expertise of leading national authorities on a wide range of issues.

**William J. Bennett**  
(Distinguished Fellow, Heritage Foundation and Chairman, K12) - expert panelist for the Policy Orientation for the 78th Texas Legislature.

**Wendell Cox**  
(Wendell Cox Consultancy and Visiting Professor, Conservatoire National des arts et Metiers) - expert panelist for the Policy Orientation for the 78th Texas Legislature and author of our report *The Business of Government?*  
Dr. Hanushek was invited to provide testimony to the House Select Subcommittee on Public School Finance in Texas in *Putting the Sides Together*. Dr. Hanushek was invited to provide testimony to the House Select Subcommittee on Public School Finance and testified in August 2003.
Caroline Minter Hoxby  
(Professor of Economics, Harvard University) - expert panelist for the Policy Orientation for the 78th Texas Legislature and author of our report *A New School Finance Plan for Texas* in *Putting the Sides Together*.

Maurice P. McTigue, Q.S.O.  
(Distinguished Visiting Scholar and Director of the Government Accountability Program, Mercatus Center, George Mason University) - expert panelist for the Policy Orientation for the 78th Texas Legislature and author of our report *Converting Challenges to Opportunities*.

Haavi Morreim  
(Professor of Health Services & Policy Research, University of Tennessee and Heritage Foundation Fellow) - expert panelist for the Policy Orientation for the 78th Texas Legislature and author of our report *Defined Contribution Health Care Plans: Benefits for Consumers, Employers, Physicians and Insurance Companies*. Dr. Morreim was invited to provide testimony to the Select Committee on State Health Care Expenditures and testified in February 2003.

Dwight McNeill  
(Visiting Scholar at Brandeis University) - expert panelist for the Policy Orientation for the 78th Texas Legislature and author of our report *Public School Health Insurance: Bane or Boon to Balancing the State Budget*. Dr. McNeill was invited to provide testimony to the House Health Care Task Force of the Texas Legislature and testified in February 2003.

Nina Owcharenko  
(Policy Analyst, Heritage Foundation) - expert panelist for the Policy Orientation for the 78th Texas Legislature.

Alan Pisarski  
(Chair, Committee on Transportation Statistics, National Academy of Science) - expert panelist for the Policy Orientation for the 78th Texas Legislature.

Nathaniel Shapo  
(Former Director of the Illinois Department of Insurance) - expert panelist for the Policy Orientation for the 78th Texas Legislature and author of our report *Shopping for a Solution: Effective Consumer Protection through Competitive Regulation of Insurance Rates*. Dr. Shapo was invited to provide testimony to the House Committee on Insurance and testified in March 2003.

Fred Smith  
(President, Competitive Enterprise Institute) - expert panelist for the Policy Orientation for the 78th Texas Legislature.

Richard Vedder  
(Professor of Economics, Ohio University) - expert panelist for the Policy Orientation for the 78th Texas Legislature and author of our report *School Finance for Texans in Putting the Sides Together*. Dr. Vedder was invited to provide testimony to the House Committee on State Affairs, and the House Select Committee on Public School Finance and testified in April and August 2003.

Patrick Wolf  
(Assistant Professor of Public Policy, Georgetown University) - expert panelist for the Policy Orientation for the 78th Texas Legislature. Dr. Wolf was invited to provide testimony to the House Select Subcommittee on Public School Finance and testified in August 2003.

Session was a victory for will of Texas major.
Texas Public Policy News

The latest research, views, and information are published by the Foundation bi-weekly in the electronic newsletter, Texas Public Policy News.

Veritas

Perspectives from leading experts around the state and nation on policy and culture are collected and published two to three times a year. Veritas is published as a booklet and distributed to supporters and state leaders; it is also available at www.TexasPolicy.com. In 2003, two issues of Veritas were produced.

The first issue of Veritas described views on the 78th Texas Legislature by the Governor and leaders of the Texas House and Senate: House Speaker Tom Craddick, Senate Education Chair Florence Shapiro, House Education Chair Kent Grusendorf, Civil Practices Chair Joe Nixon, Select House Health Care Expenditures Chair Dianne White Delisi, and freshman legislative leader Linda Harper-Brown.

The second issue of Veritas identified key issues for the upcoming 79th Texas Legislature by state and national policy experts: reforming Medicaid to control costs and improve quality, crafting a new state system of school finance, results-based budgeting to avoid tax increases, deregulating the telecommunications industry to improve consumer services, introducing vouchers to help children and public schools, and eliminating government activities that the private sector does better and cheaper.

Newspaper Commentaries

The Foundation regularly distributes commentaries on the issues of the day to Texas newspapers for their use on opinion/editorial pages.

Taxing Issue Is a Spending Problem, Texans cannot expect lower taxes and continue spending binge. (2/26/03).

Doing What It TAK[e]S for Educational Success?, Foundation had warned of problems and proposed solutions. (3/7/03).

Keep Texas Safely Truckin’, Truck-only lanes will reduce congestion, save lives. (3/24/03).

Don’t Let Senators Guard the Henhouse, Market, not more government, will protect insurance customers. (3/31/03).

Free-Spending Ways Must Be Restricted, Texas’ budget woes result from poor choices, not poor economy. (4/25/03).

Texas’ Critical Condition, Patients, doctors face risk without strong liability reform. (5/7/03).

Give Government a Cookie, Infringement of rail on private property should cause public concern. (5/10/03).

A Deal Is a Deal - This Tax Should Die, Purpose of TIF will soon be fulfilled, let Texans keep their money. (5/20/03).

Media Out of Fiscal Step, Legislators ignore media’s advocacy of state income tax. (6/3/03).

Let the Texas Majority Rejoice! State leadership held the line against new taxes. (6/9/03).

Texas Want to Give Choice a Chance, School choice is supported across economic, political, race and gender lines. (7/1/03).

School Finance: Proceed with Caution, In zeal to end Robin Hood, legislators should be cautious not to create worse. (8/27/03).

Check with Your Doctor First!, Setting a cap on non-economic damages can cure Texas’ medical crisis. (9/3/03).

The Business of Government?, When Texas governments compete with the private sector, the result is increased cost and diminished quality. (9/24/03).

Asbestos Litigation Making Us Sick, State policies are needed to protect people against lawsuit abuse. (9/29/03).

Murder and Rape: the Legacy of Our Schools?, Parents and children need choice to be safe instead of more promises of increased safety. (10/3/03).

Who Are the Uninsured?, Problems result when legislation is driven by headlines. (10/16/03).

Prop 12 Paying Off, The cost of medical care is going down with Proposition 12. (10/16/03).

Quality Must Drive Teaching Standards, Teacher certification must promote academic achievement. (11/5/03).

Doing More with Less, Reorganization of health and human services operations will benefit all Texans. (11/18/03).

The Foundation is funded entirely by voluntary contributions from individuals, corporations, and foundations. We do not solicit and have never accepted government money or assistance in any form. To underwrite operational costs, we conduct formal fundraising activities and submit grant applications to state and national foundations. Seventy-three percent of the funding we received was invested in research and activities to disseminate the research; the remainder was invested in personnel and fundraising.

In 2003, hundreds of individuals, foundations and corporations expressed their confidence in the Foundation with their generous contributions.

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

The Honorable Rob Eissler
State Representative

**Total Giving: $1,010,243.39**
- Foundation $370,295.00
- Corporate $345,116.39
- Individual $294,832.00

**Total Expenses: $861,085.07**
- Research $312,311.87
- Communications $193,061.65
- Policy Events $122,475.79
- Management $119,890.65
- Fundraising $113,545.11
The Foundation is governed by a Board of Directors who are charged with the primary responsibility of ensuring the Foundation maintains fiscal integrity and sustains a strong commitment to its mission. The Board of Directors recruits new members and provides general direction to the Foundation’s work. Fourteen individuals, generous with their time and devoted to state policy, served on the Board of Directors during 2003.

**Phil D. Adams** (Bryan)
Owner, Phil Adams Company
Regent, Texas A&M University
Director, First American Bank, Bryan

**Ernest Angelo** (Midland)
Managing Partner, Discovery Exploration
Former Mayor, Midland
Former Vice Chair, Republican National Committee

**Tim Dunn** (Midland)
*Board Treasurer & Executive Committee Member*
C.E.O., CrownQuest Operating, L.L.C.
Director, Free Market Foundation

**Ramiro Galindo** (Bryan)
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Director, Brazos River Authority

**Wendy Lee Gramm, Ph.D.** (Helotes)
*Chairman & Executive Committee Member*
Former Chair of Federal Trade Commission
Director, Regulatory Studies at Mercatus Center

**Will Jarrett** (Dallas)
Founder & Former Owner, Westward Communications
Former Editor, *Dallas Times Herald*

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**Thomas Lyles** (San Antonio)
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President & General Counsel, Mission City Management
President, MedCare Investment Funds

**Vance C. Miller** (Dallas)
*Executive Committee Member*
Chairman, President & C.E.O., Henry S. Miller Co.
Director, Pilgrim’s Pride Corporation

**Brenda Pejovich** (Dallas)
Founder & Former C.E.O., Pejovich & Assoc. Inc.
Director, Building and Procurement Commission

**Brooke Rollins** (Dallas/Austin)
*Executive Committee Member*
Texas Public Policy Foundation

**Jeff Sandefer** (Austin)
President, Sandefer Capital Partners
Visiting Committee, Harvard Business School
Director, *National Review*

**Fritz Steiger** (Bentonville, Arkansas)
Founder & Former President, TPPF
Former President, Children First America
President, Deltax Development Corp.

**Michael Stevens** (Houston)
Chairman, Michael Stevens Interests, Inc.
Chairman, Governor’s Business Council Transportation Task Force
Executive Committee, Gulf Coast Regional Mobility Partners

“Agree with their conclusions or not, you can rest assured that research produced by the Texas Public Policy Foundation is intellectually honest and driven by a desire to improve Texas for all Texans.”

*The Honorable Tom Craddick*
*Speaker of the Texas House of Representatives*
There is so much for the Foundation to accomplish in 2004. In truth, we have an unprecedented opportunity to help solve the state’s biggest problems because, for the first time since Reconstruction, Texas is governed by a conservative majority. Many of the market-based ideas we have championed for the last 15 years can be implemented to solve fundamental problems that have plagued Texas for decades.

For 2004, we have a comprehensive, ambitious agenda to remove critical barriers to the health, prosperity and opportunity of all Texans, enlisting state and national experts to identify solutions and provide technical know-how to policymakers.

• In late January 2004, we will conduct our second annual Policy Orientation to help state leaders prepare for the special session on school finance and opening of the 79th Texas Legislature.

• Before the special legislative session, we will have unveiled four major school finance research projects: (1) examining the economic impact of different rates of state taxation on the industries conducting business in Texas; (2) identifying the adverse economic impact of tax reforms proposed to generate additional revenue for public schools; (3) examining whether public schools need additional revenues or instead need more efficient, effective resource allocation; and (4) providing a computer program (econometric model) that policymakers can use in their offices and legislative chambers to calculate the short and long term economic impact of specific tax reforms.

• In December 2004, we will distribute Legislators’ Guide to the Issues 2004-2005, a policy primer that will help policymakers identify key state issues and market-based solutions.

• Throughout 2004, we will produce and distribute 12 major research reports that will help policymakers rein in government regulation, reduce state spending, improve student outcomes in K-12 education, improve health insurance coverage for all Texans, deregulate the telecommunications industry to improve price and quality, head off the impending water crisis, and enhance the state’s economic vitality by rejecting calls for new and higher taxes.

We ask for your support and look forward to working with you in 2004.

“TPPF is a credible source upon which the legislature depends in its decision-making. Materials from TPPF are always peer-reviewed and based on empirical data. This think tank is an indispensable resource for conservative, prudent politics.”

The Honorable Dianne White Delisi
State Representative
Yes! I want to help Texas policy leaders by funding the development of comprehensive research that addresses the state’s most pressing issues. I am joining at the following annual level:

Chairman’s Council
$5,000 or more
- Invitations to teleconference discussions on upcoming research
- Invitations to private, intimate gatherings with scholars and policymakers
- Invitations to conferences, workshops, special events, and policy briefings
- Personal invitations to dinners with VIPs and board members
- Priority communication with the President and Chairman of the Board
- Receive all Foundation publications. Plus, all Patron Benefits

President’s Council
$2,500 - $4,999
- Invitations to private, intimate gatherings with scholars and policymakers
- Invitations to conferences, workshops, special events, and policy briefings
- Receive all Foundation publications. Plus, all Patron Benefits

Leadership Council
$1,000 - $2,499
- Invitations to conferences, workshops, special events, and policy briefings
- Receive all Foundation publications. Plus, all Patron Benefits

Sponsor
$500 - $999
- Invitations to conferences, workshops, special events, and policy briefings. Plus, all Patron Benefits

Patron
$100 - $499
- Receive Veritas policy journal
- Receive summaries of Foundation research reports
- Receive bi-weekly Texas Public Policy News

To maximize the impact of your contribution, please identify areas of personal interest:

- Children & Families
- Environment & Water
- Education
- Regulatory Policy
- Telecommunications
- Health Care
- Taxes
- Transit & Urban Sprawl

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Texas Public Policy Foundation
in Action

Critical Condition

How Serious Is the Nursing Health Care Shortage in Texas?

By
Eve Pollock

Texas Public Policy Foundation

in Action

Defined Contribution Health Care Plans: Benefits for Consumers, Employers, Physicians and Insurance Companies

By
Hugo Meza, Ph.D.

Texas Public Policy Foundation

in Action

Securing the Safety Net for Texas Children

Carving the Bridge and Strengthening the Child’s Health Insurance Program

By
Chad Blaine

Texas Public Policy Foundation

in Action

Public School Employee Health Insurance

Basic How to Balance the State Budget

By
Mike Toomey

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Shopping for a Solution

Effective Consumer Protection Through Competitive Regulation of Insurance Rates

By
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Texas Public Policy Foundation
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