More than a decade ago, The Heartland Institute was fighting hard on a key issue of freedom in multiple states. Looking for assistance, Heartland’s president at the time, Joe Bast, approached the leader of one of the most prominent conservative think tanks in Washington, DC. Would he help? After all, the organization’s budget, number of staff, media contacts, and other resources dwarfed those of Heartland.

Good news: The ally agreed it was a very important issue. Bad news: He declined to help.

Why would a prominent think tank that promotes the principles of freedom and liberty not join such an important effort? The reason was short and simple: “We don’t work in the states,” he said. “That’s not our focus.” One of the larg-
est free-market think tanks in the United States, and they stay out of an important battle because they don’t focus on the states?

Despite the lack of help, Heartland didn’t abandon the fight. The ally didn’t change his mind and help, but neither did he discourage or oppose our efforts. Instead, we plowed ahead on our own, working closely with allies on the ground, refusing to cede the turf of even one state to the Left.

Heartland Is Unique

Unfortunately, this is not an unusual story in the freedom movement. It is one that has played out in state after state, year after year. Heartland is on the ground in multiple states, fighting for school choice, health care freedom, lower taxes, less spending, and most recently, energy freedom. We work with state and local think tanks, advocacy groups, libertarian and conservative allies, and national associations, and usually no other national think tank is similarly engaged.

Instead, the other libertarian-conservative think tanks focus almost exclusively on Washington, DC and national policies. They are dedicated to national issues, national donors, national profiles, national influence, and national media. They have their offices in Washington, DC, the nation’s capital. Most of their staff work inside the Beltway. Their families and closest friends are in DC. And so, naturally, what happens in Washington, DC becomes most think tanks’ primary emphasis.

Many of the leaders of national think tanks share Heartland’s enthusiastic support for the concept of federalism. We mutually support a constitutional preference for a smaller, less powerful national government. We recognize Washington has stolen power and authority away from state and local governments, not to mention the country’s citizens. To the extent that government is necessary, we share Thomas Jefferson’s observation: “Government that governs closest to the people governs best.”

Yet the fact remains: The Heartland Institute is unique in actually working out the principles of federalism, constitutionalism, small government, and freedom in state legislatures all across our nation.

My predecessor, as Heartland president, Joe Bast, has always highlighted Heartland is “the marketing arm of the freedom movement,” and our principal customers are state legislators. This doesn’t mean Heartland is out of touch with national issues. On the contrary, knowledge of state-level concerns provides valuable insights into the effects of national policies and an awareness of when states are better-situated to legislate.

That’s why the White House communicates regularly with us and has promoted multiple articles and policies we’ve developed. Three Heartland staff members were in the Rose Garden in 2017 when President Trump announced he was withdrawing the United States from the Paris climate accord. I’m willing to bet a lot of other important think tank folks were not there. Members of Congress—many of whom started out in state legislatures—also regularly call on us for guidance.

What makes us special is we have that influence and a focus on the states. With your support, we will continue to do that. But recognize this fact: Among national think tanks, there is no one like Heartland in the battle for freedom, which is now taking place in every state capital.

The Legislature Is in Session

As I write this, Washington is in the throes of another shutdown meltdown. As they say, this too shall pass. Nonetheless, the federal government is now into its second quarter with no budget resolution in sight for this year—neither the House nor the Senate has even started on next year’s budget—and the minimal spending restraints adopted in 2011 have been abandoned entirely. I’m certainly glad Heartland’s potential for success does not rest solely in the hands of Congress.

But on the bright side—and illustrating the unique value proposition of The Heartland Institute—41 state legislatures are currently in session. By the end of this summer, 46 state legislatures will have met this year and passed new policies on every issue un-
under the Sun, all with significant effects on our liberties.

Much of the important government action in this country takes place at the state level. The official White House website correctly states, “Most Americans have more daily contact with their state and local governments than with the federal government. Police departments, libraries, and schools—not to mention driver’s licenses and parking tickets—usually fall under the oversight of state and local governments.”

And Heartland is there. We are in Idaho promoting innovative Medicaid reforms. We are in Missouri and Nebraska testifying on expanding access to direct primary care physician practices. We are in Wisconsin testifying in favor of Gov. Scott Walker’s comprehensive welfare reforms and work requirements.

In Arizona, Colorado, and many other states, we are fighting to save coal power plants from being closed prematurely because of Obama administration anti-coal regulations. In 2018, we have submitted written or oral testimony in seven different states at the request of legislative committees, and we have many more requests to do so in the near future.

Lawmakers have reached out to Heartland on a variety of other hot issues, such as prevailing wage, carbon taxes, school choice, civil asset forfeiture, regulatory reform, dental therapists, and many more. Our team is working hard to educate and advise lawmakers on these issues and others.

This is what we do at Heartland. We work with state policymakers—educating, encouraging, and praising them when they stand for freedom, and sometimes excoriating them when they do not. We don’t ignore Washington, DC, as is clear from our success in climate change, health care reform, and energy freedom. But for the other 50, often-forgotten legislative bodies in the United States, Heartland is the only national think tank promoting the cause of freedom.

With your continued generosity, we will be there for years to come, upholding the actual language, intent, and spirit of our Constitution. As America’s only 50+1 free-market think tank, The Heartland Institute stands in freedom’s gap every day of the year.

The Future of Freedom

For a farm kid and former congressman from Kansas, moving to Illinois to lead Heartland was not an easy decision. Being named to continue the legacy of freedom promoted so well by Joe Bast for so long is a challenge. And stepping in to take the reins of a hard-working, well-oiled organization, with 40 staff, 250 Legislative Forum members, and 500 policy advisors, now that is a daunting task.

But that is why I am here: The future of freedom in all 50 states depends on The Heartland Institute. As both a former state legislator and a congressman, I can attest that without the leadership, expertise, reputation, research, and policy analysis of Heartland, supported by your generosity, we would be much further away from our goal of enhancing liberty, justice, and prosperity in America.

Tim Huelskamp, Ph.D. is president and CEO of The Heartland Institute.
During the fourth quarter of 2017, The Heartland Institute ...

- Published one book, *The Patriot’s Toolbox*, fourth edition, by Herbert Walberg and Joseph Bast, printed 13,000 copies, and distributed 10,750.
- Published seven print and digital monthly issues of *Budget & Tax News*, *Environment & Climate News*, and *School Reform News*.
- Contacted elected officials 229,911 times, including 6,594 one-on-one contacts by phone, email, or in person.
- Generated at least 233 broadcast, 3,514 online, and 899 print media hits reaching 103 million subscribers.
- Added 193 blog posts to *Freedom Pub* and released 263 podcasts attracting a total listening audience of 2.4 million people.
- Added 57 videos to our YouTube channel. All videos on the channel attracted a total of 66,267 viewers.
- Hosted nine events attended by 424 people and viewed online (via livestreaming) by another 8,028 people. Events included our first-ever America First Energy Conference, our third Red Team Briefing, and our first Free to Choose Medicine (FTCM) meeting.
- Printed and distributed approximately 16,000 copies of an interview with William Happer, titled “Focused Civil Dialogue on Global Warming,” sent to elected officials, Heartland donors, and other influencers in November.
- Released four *Heartland Policy Briefs*, 54 *Research & Commentaries*, two *Policy Tip Sheets*, and two testimonies.
- Released 41 issues of four weekly e-newsletters: *Climate Change Weekly*, *School Choice Weekly*, *Heartland Weekly*, and *The Leaflet*.

**Consumers for Health Care Choices**

- Logged 1,438 personal and 18,310 group contacts for a total of 19,748 contacts with legislators on health care issues.
- Eight *Research & Commentaries* were produced on health care issues.
- Generated at least five broadcast, 29 online, and nine print media hits reaching nearly 524,196 people on health care issues.
- Produced four new podcasts, attracting 124,194 listeners, and 10 new posts on *Freedom Pub* on health care issues.

**Center for Constitutional Reform**

- Logged 238 personal and 7,764 group contacts for a total of 8,002 contacts with legislators on constitutional reform issues.
- Generated at least two broadcast, 11 online, and three print media hits reaching 176,995 people on constitutional reform.
- Produced seven new podcasts, attracting 35,548 listeners, and seven new posts on *Freedom Pub* on constitutional reform.
- Issued 171 tweets from the Twitter account @usconstrform.

**Center on Budgets and Taxes**

- Published two issues of *Budget & Tax News* and 22 *Research & Commentaries* on budget and tax and tobacco-related issues.
- Logged 1,348 personal and 46,169 group contacts for a total of 47,517 contacts with legislators, and testified once on budget and tax issues.
- Logged 244 personal and 4,900 group contacts for a total of 5,144 contacts with legislators on tobacco-related issues.
- Generated at least 17 broadcast, 121 online, and 43 print media hits reaching nearly 7.5 million people.
Produced 14 new podcasts, attracting 78,253 listeners, and 41 new posts on Freedom Pub on budget and tax issues.

Arthur B. Robinson Center on Climate and Environmental Policy
- Hosted the inaugural America First Energy Conference in Houston, Texas for some 220 attendees, 40 members of the press, and more than 2,500 viewing the livestream.
- Hosted the third private “Red Team” briefing to prepare scientists, economists, and policy experts to participate in the Trump administration’s proposed reexamination of the science underpinning national climate and energy policy.
- Published two issues of Environment & Climate News, nine issues of Climate Change Weekly, and 10 Research & Commentaries on environment and energy issues.
- Logged 1,354 personal and 66,066 group contacts for a total of 67,420 contacts with legislators on environment issues.
- Logged 961 personal and 32,038 group contacts for a total of 32,999 contacts with legislators, and testified once on energy issues.
- Generated at least 21 broadcast, 415 online, and 79 print media hits reaching more than 8.6 million people on environment and energy issues.
- Produced 17 new podcasts, attracting 228,425 listeners, and 68 new posts on Freedom Pub addressing energy, environment, or climate issues.
- Hosted two events on environment and energy issues and spoke at three, reaching an estimated total audience of 1,907 people.

Center for Transforming Education
- Published three issues of School Reform News, nine issues of School Choice Weekly, 12 Research & Commentaries, and two testimonies on education issues.
- Logged 1,011 personal and 48,070 group contacts for a total of 49,081 contacts with legislators on education issues.
- Generated at least three broadcast, 58 online, and 76 print media hits reaching more than 1.8 million people on education issues.
- Produced 14 new podcasts, attracting 57,238 listeners, and 21 new posts on Freedom Pub on education issues.
- Issued 8,355 tweets from education-focused Twitter accounts.
Rising Demand for School Choice

By Teresa Mull
Research Fellow
Managing Editor
School Reform News

As education choice programs are growing rapidly in some areas of the country, demand is rising much faster than availability. Heartland’s School Choice Weekly e-newsletter reported Florida’s Education Savings Account program ran out of money because demand for choice is so high. Heartland’s School Reform News reported a new poll confirms Millennials strongly support school choice, with even greater enthusiasm for vouchers than for government-chartered schools; enrollment in charter schools nationwide has reached record numbers; and homeschooling is growing steadily in Maine, rising by 35 percent in 10 years.

The News-Sentinel (Fort Wayne, Indiana; circ. 206,290) and Klamath Falls Herald and News (circ. 9,746) published an op-ed by Research Fellow Teresa Mull discussing another indicator of rising demand for choice, “The Demand for Private Schools is Up, So Let Parents Choose.” Enrollment at private schools nationally increased by 7 percent between 2013 and 2015, according to the U.S. Department of Education, Mull reported in the article.

Heartland sent 150 state lawmakers in Indiana a Research & Commentary reporting the findings of a study revealing most Indiana parents approve of school choice, even though many still don’t know such programs exist.


Reining in Regulation

Removing unnecessary and intrusive government mandates and regulations that inhibit the power of parents to educate their children as they see fit is a primary goal of Heartland’s education policy efforts. Education Transformation Project Manager Lennie Jarratt testified before the Ohio State Senate on Senate Bill 216, the Public-School Deregulation Act. Jarratt discussed the bill’s potential cost savings to districts, flexibility in assigning substitute teachers, testing options, and the goal of limiting regulations on the classroom so teachers and administrators can focus on educating instead of recordkeeping and adherence to bureaucratic mandates.

Mull recorded a podcast with Heartland Policy Advisor Corey A. DeAngelis, a policy analyst at the Cato Institute’s Center for Educational Freedom, discussing DeAngelis’ study titled “Does Over-Regulation of Voucher Programs Create Homogenization?” Government regulations homogenize education and make private schools just like public schools, so the point of giving parents choice and alternatives is essentially lost, DeAngelis explained. The Orlando Sentinel (circ. 170,018) published an op-ed by Holland on this theme. “The reality is heavy regulation would make [private] schools very much like the public schools that families wished to leave,” Holland wrote. “The schools would lose their operating independence, and thus be severely limited in providing parents the kind of instruction they want for their children.”

Even avoiding schools altogether doesn’t free families from government interference. A homeschooling advocacy group is suing the New York City government for “system-
atic mistreatment of homeschoolers” because city bureaucrats’ slow processing of paperwork has resulted in homeschooling families being falsely accused of crimes, School Reform News reported.

Promoting Education Savings Accounts
Heartland has long extolled the virtues of education savings accounts (ESAs), and during the fourth quarter those efforts continued to bear fruit as the policy made its way into legislation introduced in several states. Heartland’s Government Relations Department published eight Policy Tip Sheets and Research & Commentaries extolling the value of ESAs, and School Reform News reported regularly on ESA progress in the states.

Pennsylvania lawmakers introduced Senate Bill 2 to establish an ESA program for students in the lowest-performing 15 percent of public schools. Heartland worked with the bill’s sponsors to produce a Research & Commentary, Policy Tip Sheet, and newspaper op-ed to promote the bill. A bill to establish a universal ESA program in New Hampshire passed the state’s House and Senate, and Gov. Chris Sununu (R) is expected to sign a reconciled version of the bill later in 2018. Heartland published a Research & Commentary documenting “The Need for Universal ESAs in New Hampshire,” and NH Journal published an op-ed by Benson in support of the bill.

Wisconsin state Sen. Alberta Darling (R-River Hills) and a bipartisan group of supporters announced plans to introduce legislation to set up an ESA program for gifted and talented low-income students in the state. Heartland sent Research & Commentary resources on education savings accounts to lawmakers in California, Connecticut, Pennsylvania, and Wisconsin. School Reform News reported on a study that found education savings accounts could save Connecticut millions of dollars per year and improve educational opportunities for children across the state.

Helping the Most Vulnerable Children
Education choice is especially important for underprivileged students trapped in a cycle of poverty, violence, and inferior education. To highlight this issue, we released Strengthening America’s Educational Safety Net, a Heartland Policy Brief by Carl L. Brodt and Alan Bonsteel, M.D. The authors found most at-risk students are being failed by the system of schools designed to help them complete high school and achieve economic independence. “Each failure is a tragedy, an individual who often will struggle through the rest of life, who will not acquire a comfortable living standard, who will miss many of the joys personal achievement brings, who might end up in a life of crime, and who almost certainly will be a drag on the economy and society,” the authors wrote.

Heartland followed up on this topic with a press release sent to 8,455 education press and media contacts, a Research & Commentary, a story in School Reform News, an article in The Leaflet e-newsletter, and a RealClearEducation op-ed by Brodt and Bonsteel.

For National Dropout Prevention Month, Mull wrote an op-ed for Breitbart pointing out school choice can help keep kids from wanting to drop out, citing reports that found increasing school choice contributes to higher graduation rates at public high schools, which translates into higher incomes, lower crime rates, less welfare dependency, and greater tax revenues for the communities that implement choice programs—a win for all parties.
Expanding Health Care Options

President Donald Trump altered the debate over national health care policy by signing an executive order to allow some individuals and associations to purchase health insurance across state lines, expand short-term limited-duration insurance options, and increase access to health reimbursement arrangements. Senior Fellow Peter Ferrara provided insight into the executive order on six radio shows, and President Tim Huelskamp talked about it on two programs.

Townhall and the Washington Examiner published op-eds by Executive Editor Justin Haskins arguing Trump’s executive order will benefit the poor and help solve the preexisting-conditions problem. The official White House blog West Wing Reads featured Haskins’ Examiner article.

Our government relations e-newsletter, The Leaflet, explained to 8,075 lawmakers, health care experts, and other interested parties Trump’s policy would improve competition and choice in the U.S. health care market. We sent a press release on the executive order to 10,279 press and media contacts, quoting 14 policy experts.

State Action on Medicaid
Studies demonstrate the Medicaid program is economically inefficient and arguably provides worse care than being uninsured. Instead of expanding this program, states should press Washington, DC for waivers to allow innovative alternatives that deliver far better care at much less cost. Heartland has been at the forefront in advocating the policy and assisting states in developing waivers.

Huelskamp hosted a workshop, titled “Don’t Wait on Congress to Fix Health Care,” at the American Legislative Exchange Council’s State and Nation Policy Summit for more than 80 legislative and private sector attendees, in which the panel discussed state options for Medicaid reform.

Op-eds by Huelskamp in the Detroit News and Washington Examiner, Huelskamp’s keynote speech for the Georgia Public Policy Foundation’s Legislative Policy Forum, and an op-ed by Senior Policy Fellow Matthew Glans published in InsideSources, the Columbia (South Carolina) Times & Democrat, and the Jacksonville (Illinois) Journal Courier encouraged states to take the lead in reform by requesting Medicaid waivers.

Arizona, Kentucky and New Hampshire submitted requests to the federal Centers for Medicaid and Medicare Services (CMS) for permission to implement cost-reduction policies and establish work requirements. North Carolina legislators began considering amendments to the state’s Medicaid waiver to impose premiums and work requirements on Medicaid enrollees and shift the program from a fee-for-service model to a managed-care model by 2019.

Our government relations team reached out with information on Medicaid reforms for lawmakers in four states. The White House requested, and we hand-delivered a summary of free-market Medicaid reforms. Additionally, Heartland assisted lawmakers and allies in Idaho and other states in designing free-market Medicaid and Obamacare waivers.

Free to Choose Medicine
For decades the U.S. Food and Drug Administration (FDA) has been a roadblock to breakthrough prescription drugs, causing Americans to suffer needless pain and even death. Currently, it takes up to 15 years and $2.5 billion to bring a new drug to the American consumer. Heartland stepped up our efforts to help reform FDA this quarter, conven-
ing scholars, physicians, and policy analysts to relaunch our exciting project to develop a drug approval path around the FDA: Free to Choose Medicine (FTCM). Developed by Bartley Madden, FTCM can make new prescription drugs better, available sooner, and more affordable.

With government regulations and third-party payment systems driving drug prices up, states are misguided by passing new laws to try and keep prices artificially low, ultimately reducing patient access. California enacted a law requiring drug manufacturers to give notice if they raise prices more than 16 percent over a two-year period and requiring health plans and insurers to file annual reports outlining how drug costs affect health care premiums. We sent Research & Commentaries on the issue to California legislators, as well as to Oregon legislators considering a similar proposal.

**Saving Smokers’ Lives**

Although scientific studies show vaping products such as e-cigarettes can greatly reduce disease and mortality from smoking, many states apply tobacco laws to these products, greatly impeding people’s access to these lifesaving alternatives. The *Cincinnati Enquirer* published an op-ed by Heartland Senior Fellow Brad Rodu recommending vaping products as a way to wean people off cigarettes. “Traditional quit-smoking methods, which strive for complete nicotine and tobacco abstinence, fail to help over 90 percent of smokers,” Rodu wrote.

*Huffington Post* published an op-ed by Policy Advisor Brian Fojtik arguing, “Under current FDA tobacco regulations, American smokers are denied the opportunity to switch from deadly combustibles to many safer alternatives, like innovative heat-not-burn products.”

Charles Hughes of the Manhattan Institute spoke with Heartland Research Fellow Jesse Hathaway on a podcast about the dangerous consequences of the State of New York’s new ban on using e-cigarettes in public indoor places.Treating tobacco and e-cigarettes identically discourages people from switching from harmful tobacco to less harmful alternatives, Hughes said, harming health and taking lives.

**Unleashing Direct Primary Care**

Direct primary care practices offer consumers access to a specified menu of health care services for a monthly or annual fee, cutting the cost of routine procedures. Unfortunately, many states are behind the curve in allowing this type of practice, thus requiring legislative action. Wisconsin lawmakers are considering a bill that would exempt direct primary care providers from state insurance regulations and set up a pilot program for direct primary care for Medicaid recipients.

Florida lawmakers are considering legislation that would allow physicians to enter direct primary care contracts without having to obtain an insurance license, and a bill to allow direct primary care agreements in Virginia is before the state’s House of Delegates. A Missouri state representative introduced legislation to launch a pilot program allowing Medicaid enrollees in two counties to access direct primary care for only $70 per month per patient. We reported on the Wisconsin bill in *Budget & Tax News* and sent Florida, Missouri, Virginia, and Wisconsin lawmakers state-specific Research & Commentary resources explaining the benefits of direct primary care.
Heartland Celebrates Bill of Rights Day

By Chris Talgo
Marketing Coordinator

As the United States prepared to celebrate the 226th anniversary of the Bill of Rights, The Heartland Institute hosted bestselling author and Fox News commentator Nick Adams in recognition of the occasion. Adams, the founder and executive director of Foundation for Liberty and American Greatness (FLAG), spoke at Heartland’s Andrew Breitbart Freedom Center about the founding of the United States, Constitution, Bill of Rights, and American exceptionalism, the idea that the U.S. is unique among the nations of the world in having been founded on the principles of individual liberty, private property rights, and equal justice for all. Adams discussed why he started FLAG, and he recounted the impact of his organization in schools across the country. FLAG has produced a kid-friendly version of the U.S. Constitution and will soon debut a kid-friendly Declaration of Independence and Federalist Papers. FLAG is also working with the Trump administration to host a White House Patriotism Summit. Fifteen people attended this Heartland event, and 1,329 watched online.

Heartland and Nick Adams have worked together for several months to promote constitutional reform and FLAG’s educational efforts. Adams recorded a podcast with Marketing Coordinator Chris Talgo, and the kid-friendly Constitution is available in the Heartland online store and has been distributed at events by Heartland staff.

In addition to hosting an event with Adams, Heartland sent out a series of emails celebrating Bill of Rights Day, and Talgo penned an op-ed titled “Honor Freedom and Sacrifice on Bill of Rights Day” for Heartland’s Center for Constitutional Reform webpage and American Exceptionalism website.

Promoting State-Led Con Reform
Heartland’s commitment to reining in the increasingly intrusive national government through the constitutional amendment process remains unabated. Senior Fellow Rob Natelson wrote a Policy Brief, Why the Constitution’s “Convention for Proposing Amendments” Is a Convention of the States, which was sent to more than 130 constitutional reform advocates and discussed during the Center for Constitutional Reform’s October national conference call. Regarding the Article V process, Natelson writes, “[I]t is not even remotely likely the actual procedure will lead to imposition of amendments conflicting with the popular will. The popular will is more likely to be frustrated by continued inaction than by anything the convention might do.”

Talgo discussed the amendment process in an article for Townhall titled “A Convention of the States Is Necessary to Fix America’s Most Difficult Problems.” Talgo quoted from Natelson’s Policy Brief and explained why people should not fear the Article V process.
Heartland Policy Advisor Neal Schuerer met with Chip Roy, director of the Center for Tenth Amendment Action, at Heartland’s Emerging Issues Forum in Houston. Roy is working with Sen. Ted Cruz (R-TX) and Texas Gov. Greg Abbott (R) on policy development, including Article V legislation. While in Houston, Schuerer also met with 10 state legislators and distributed more than 100 copies of Heartland’s Article V caucus handout for lawmakers. Schuerer and Kevin Dayaratna of The Heritage Foundation discussed the application of statistical analysis and analytical techniques to constitutional reform in order to increase the engagement of Millennials with the movement.

**Calling for Constitutional Reform**

Every month, The Heartland Institute hosts a national constitutional reform conference call to engage different groups and advocates of the Article V movement. Each call provides legislative updates regarding the Article V movement and serves as a forum for various groups to discuss issues concerning constitutional reform. This quarter’s calls included working lawmakers and leaders from organizations such as the Balanced Budget Amendment Task Force, Compact for America, U.S. Term Limits, and Convention of the States.

The October call featured Wisconsin Majority Caucus Chair Rep. Daniel Knodl (R-Germantown). On November 7, Wisconsin became the 28th state to approve a balanced budget amendment resolution. On the Heartland call, Knodl detailed the appalling state of the federal government’s fiscal situation, arguing the national debt presents a massive crisis. He noted many states also face similar fiscal problems. Knodl presented a solution to these problems by describing how Wisconsin has reformed its budget over the past decade. He also detailed the current state of Article V legislation in Wisconsin, which he says most constituents strongly support.

The November call featured Indiana state Sen. Travis Holdman (R-Bluffton), who introduced a resolution calling for an Article V Convention of States, which passed through the Indiana Legislature. Holdman said, “It’s time for us to get control of our federal government.”

The December call featured Paul Taylor, chief counsel of the U.S. House of Representatives Subcommittee on the Constitution and Civil Justice. Providing an in-depth analysis of the current fiscal situation of the federal government, Taylor said federal spending is on an unsustainable trajectory and must be addressed immediately. Entitlement programs are the main drivers of the crisis because the costs of open-ended federal health care programs (such as Medicare and Medicaid) are rapidly increasing, Taylor said. These programs provide no price transparency and no check on federal spending, and the nation will suffer fiscal disaster if they are not reformed.
Seizing a once-in-a-generation opportunity, Congress and President Donald Trump completed extensive federal tax reform, with the president signing the Tax Cuts and Jobs Act into law on December 22, 2017. The new law reduces most individual income tax rates, permanently cuts the corporate income tax from 35 percent to 21 percent, and lowers taxes by an estimated $1.5 trillion. “It is morning in America again,” Heartland President Tim Huelskamp said in a press release commemorating the historic victory. “Combined with President Trump’s new national security strategy, this tax reform bill sends an unmistakably confident message to the world: America is open for business again. Let’s hope that state policymakers across the United States will launch a similar strategy of tax reduction, simplification, and reduced cronyism, helping their communities participate in the nation’s ongoing economic revival.”

Investor’s Business Daily published an op-ed co-written by Heartland Senior Fellow Peter Ferrara arguing the reform will be as historically significant as the tax reforms implemented by John F. Kennedy and Ronald Reagan. In an October 24 op-ed published in The Washington (DC) Times, Ferrara noted business tax reform benefits everyone. “[C]orporate and business taxes are actually borne mostly by workers through lost jobs and wages,” Ferrara wrote.

A Budget & Tax News story quoted Dan Pilla, one of the country’s premier tax experts and a policy advisor for The Heartland Institute, explaining why corporate tax reform was key to promoting prosperity for all. Whereas the U.S. corporate tax was 35 percent, “The average of industrialized nations is between 22 and 23 percent,” Pilla said. “America is the highest-taxed jurisdiction in the world. If we want to make America a business tax haven, obviously we want to reduce the corporate tax rate.”

Restoring Internet Freedom
In another big victory for consumers, the Federal Communications Commission (FCC) voted to undo a 2015 decision by Obama-era FCC Chairman Tom Wheeler classifying the internet as a public utility. Research Fellow Jesse Hathaway interviewed FCC Chairman Ajit Pai about the Restoring Internet Freedom Order (RIFO) for a Heartland podcast. “This order will help deliver better, faster, cheaper internet access to American consumers,” Pai said. “It’s going to promote a lot more infrastructure investment in both wired and wireless networks.”

In a FoxNews.com article, “Ending Net Neutrality Will Save the Internet, Not Destroy It,” Heartland Executive Editor Justin Haskins and Hathaway wrote, “Although the internet operated effectively and efficiently without net neutrality, Obama’s FCC in 2015 suddenly and inexplicably determined a radical transformation was required to ‘save’ it.” RIFO restores the light-touch regulatory approach that made the internet great, the authors write.

In an op-ed for Investor’s Business Daily, “Consumers Win With Upcoming FCC ‘Net Neutrality’ Vote.” Hathaway wrote, “By getting government out of the business of telling ISPs how to run their networks, the current FCC is working hard to undo the agency’s past excesses, putting consumers and private businesses back in charge of how the internet operates.” Heartland also sent 3,145 media contacts a press release praising the FCC’s move.

Success in Reforming Welfare
The Supplemental Nutrition Assistance Pro-
gram, commonly known as food stamps, is one of the fastest-growing welfare programs because many states have been lax about enforcing work requirements, especially under waivers from the federal government. In Tennessee, Gov. Bill Haslam (R) reinstated the state’s work requirements, first waived in 2008, for food stamp recipients in 70 of the state’s 95 counties. “After the work requirements are reinstated, able-bodied adults without dependents receiving food stamps will be required to either work 20 hours a week, volunteer, or engage in job training or educational activities,” Heartland’s Budget & Tax News reported.

Ohio legislators introduced a bill to require state officials to conduct quarterly eligibility checks on recipients of food stamps or Medicaid. Heartland promptly sent Ohio lawmakers a Research & Commentary arguing these checks are essential to maintaining welfare programs’ integrity and ability to serve the truly needy. “Welfare reforms ought to focus on encouraging able-bodied recipients who are enrolled in these programs to become more self-sufficient and less dependent on government, by providing temporary or supplemental assistance while encouraging work and independence,” Senior Policy Analyst Matthew Glans wrote.

Alabama legislators introduced a bill to prohibit the state’s Department of Human Resources from requesting a waiver of federal work requirements. We sent Alabama elected officials a Research & Commentary with information supporting the bill.

**Rescuing Gov. Employee Pensions**
Heartland continued to warn lawmakers about the growing problem of underfunded government employee pensions, providing information to influential committees in the states of Washington and West Virginia, as well as legislators in several other states. We sent a Research & Commentary to 149 Iowa lawmakers, documenting the state’s rapidly approaching pension crisis. “According to the Des Moines Register, a recent actuarial study found Iowa currently faces $6.96 billion in total unfunded liabilities for all its membership groups,” Senior Policy Analyst Matthew Glans wrote. Our R&C spurred three Iowa lawmakers to contact us about the problem, and Government Relations Specialist Arianna Wilkerson replied with the necessary information.

Gov. Matt Bevin (R) of Kentucky introduced a pension reform plan that would transition most public employees from traditional pension systems to 401(k)-style plans while protecting previously promised benefits. “The state’s largest public pension plan, the Kentucky Employees Retirement System Non-Hazardous plan, has enough assets on hand to pay 16 cents on each $1 of liabilities, according to a May 2017 report by PFM Consulting Group,” Budget & Tax News reported.

Elections have consequences, as President Barack Obama famously said, and one of the results of Donald Trump’s election as president of the United States was the end of national energy policies being driven by the false narrative human fossil-fuel use is causing dangerous climate change. Under Trump, energy policies are being guided by his America First Energy Policy, with a goal of, in the president’s words, “American energy dominance.”

Regarding this policy shift, a ProPublica op-ed quoted Heartland Senior Fellow Fred Palmer, who said, “To the Trump administration and its supporters, this is no more than a long overdue balancing of the scales.” As the Trump administration prepared to take office a year ago, The Heartland Institute assembled an Action Plan for the administration to use in promoting energy dominance. Just one year later, the administration has already fully or partially enacted eight of the 13 policies in our plan, including withdrawing from the Paris climate agreement; approving Keystone XL and other critical oil and natural gas pipelines; and rolling back unnecessary regulations limiting energy development. Trump’s approval of Keystone XL paid dividends on November 20, when the Nebraska Public Service Commission approved the last segment of the nearly 1,200-mile pipeline, the final major regulatory hurdle needed to complete the project.

A December 28 World Net Daily op-ed described the Trump administration’s progress in accomplishing goals set by The Heartland Institute, “Energy Freedom’ Agenda 1/2 Done in Trump’s 1st Year.” The author wrote, “Half of the objectives in an ‘Energy Freedom Score Card’ published by the Heartland Institute have been half accomplished in just the first year of President Trump’s administration, the organization reports.”

Perhaps the most important action the Trump administration took to support U.S. energy dominance came in October, when Environmental Protection Agency (EPA) Administrator Scott Pruitt proposed repealing the Clean Power Plan (CPP). On that same day, the Washington Free Beacon published an op-ed quoting Huelskamp, titled “Clean Power Plan Repeal Will Save $33 Billion in Compliance Costs.” The author wrote, “The war on fossil fuels is nearing an end,” said Tim Huelskamp, a former congressman who now runs the Heartland Institute. “This is a wise, science-based decision by Administrator Scott Pruitt and President Donald Trump. The real winners here are not only coal miners and coal states, but all those Americans who simply can’t afford massive increases in their energy bills as a result of the Clean Power Plan.”

In an October podcast, Research Fellow Isaac Orr and Senior Fellow H. Sterling Burnett discussed how enormously expensive and environmentally inconsequential CPP would have been. Estimates of the cost of compliance range from $8 billion to $39 billion per year, with the plan also expected to increase electricity prices by 11—14 percent every year, while averting just .018 degrees Celsius of potential future warming by 2100, an amount too small to be accurately measured.

In another reversal of an Obama administration policy, President Trump’s national security strategy plan removed climate change as a security threat and returned the focus to serious military concerns. Heartland is-
sued a press release praising the decision and analyzing its implications, with quotes from Huelskamp, Science Director Jay Lehr, and 11 other scholars and analysts.

**America First Energy Conference**

Our signature effort to push for continued victories in climate, energy, and environmental policy in the fourth quarter was The Heartland Institute’s America First Energy Conference (AFEC) in Houston, Texas. The conference examined the scientific, economic, and political foundations for an America First Energy Plan. About 220 people attended the conference, 1,500 watched via livestream, and thousands more watched some or all of the AFEC conference on a dedicated website, produced by Heartland, that provided videos of every speech and presentation.

The conference featured 41 presentations, including recorded remarks by EPA Administrator Pruitt, Sen. Jim Inhofe (R-OK), and Rep. Lamar Smith (R-TX), and live speeches by Louisiana Attorney General Jeff Landry; Vincent DeVito, counselor for Energy Policy at the U.S. Department of Interior; and Richard W. Westerdale II, a senior advisor on energy policy at the U.S. Department of State. Conference panels discussed issues such as why affordable energy is necessary for economic prosperity, how inexpensive energy fosters national security, the future of coal, and the costs of excessive regulation.

Heartland scholars participated in many radio interviews leading up to AFEC. In just one day, Huelskamp was interviewed on eight radio programs about AFEC and the Trump administration’s decision to rescind the Clean Power Plan, including the nationally syndicated *Voice of America* radio program and the nationally syndicated *Breitbart Daily News*. Burnett discussed the Clean Power Plan cancellation and AFEC as a guest on the nationally syndicated *Mike Siegel Show* and the nationally syndicated *Jacki Daily Show*. Heartland Institute scholars interviewed conference participants for podcasts, including Louisiana Attorney General Jeff Landry, who discussed the critical importance of energy production in the Gulf of Mexico in making America energy-dominant.


**Red Team Rising**

The day before AFEC, The Heartland Institute held its third “Red-Team/Blue-Team” briefing for a select group of 50 influential climate realists, to help assemble a team to work on overturning the remaining harmful climate policies enacted by previous U.S. presidents. *The Washington Post*, *Daily Caller*, *E&E News*, and *Governors’ Wind and Solar Energy Coalition* reported on the meeting.
Natural News published an op-ed that mentioned the effort: “Liberals go insane over the very idea that the EPA’s climate change policies should be subject to reasonable DEBATE,” the author wrote. “Experts would be assembled on both sides, with the red team comprised of climate change skeptics, possibly affiliated with the Heartland Institute think tank, and the blue team made up of climate change careerists who are ubiquitous in academia and government. Environmentalists oppose the idea because according to them, global warming is settled science, even though assuming anything is settled runs counter to the scientific method.”

Reforming Federal Agencies
EPA Administrator Pruitt issued a directive to ensure any advisors serving on an EPA federal advisory committee are not receiving EPA grants and have no other conflicts of interest. We provided a list of potential candidates to fill openings on the EPA scientific advisory boards and at federal agencies. Burnett discussed the need for Trump to find the right people to fill open positions in his agencies in a December 13 Townhall op-ed, titled “Trump Needs His Own People Running Federal Bureaucracies.”

A Heartland-affiliated scholar has been chosen to fill a position in the Trump administration. Policy Advisor Stanley Young was appointed to an EPA scientific advisory committee in October.

Other Heartland-affiliated scholars are under consideration as well. In a story on possible replacement advisors for the EPA scientific advisory boards, The Daily Signal reported, “These candidates include Kevin Dayaratna, senior statistician at Heritage’s Center for Data Analysis; Craig Idso, senior fellow at Heartland Institute, a free-market think tank; and Paul Driessen, senior policy adviser at the Committee for a Constructive Tomorrow, a libertarian environmental organization.” Dayaratna and Driessen are Heartland policy advisors.

Defending Fracking and Coal
In the fourth quarter, The Heartland Institute continued to defend fracking and coal against the false claim their use harms people and the environment. We published a series of Research & Commentary resource documents by Policy Analyst Tim Benson examine various aspects of the fracking debate. These included “Study Shows Methane Emissions in Marcellus Shale Are Incredibly Low” and “Attempt to Link Hydraulic Fracturing to Adverse Infant Health Issues Is Flawed.” In the latter, Benson wrote, “[D]ata from the Pennsylvania Department of Health show infant mortality rates in the most heavily drilled counties in Pennsylvania are declining faster than those in the rest of the state. In 2014, these infant mortality rates in the six most heavily drilled counties were lower than the state average.”

In response to claims hydraulic fracturing is causing earthquakes, a Research & Commentary titled “Analysis of Oklahoma Geological Survey Data Shows Large Decrease in Seismicity Since 2015” notes it is wastewater disposal wells, not fracking, that cause these minor seismic events. And as companies have managed those wells better, seismic activity has declined. Benson made the same point in an American Spectator article, “More Fracking, Fewer Earthquakes.”

Among the fracking policy wins scored during the fourth quarter, Environment & Climate News reported the U.S. Department of the Interior initiated repeal of a 2015 Obama-era rule governing hydraulic fracturing on federal and tribal lands, returning regulation and enforcement authority to state and tribal governments. The Bureau of Land Management suspended implementation of a last-minute Obama administration rule limiting
methane emissions from oil and gas operations on federal lands until January 17, 2019, as the agency revises the regulation. In Ohio, the state Supreme Court upheld a ruling by the Mahoning County Board of Elections not to place on the November 2018 ballot an amendment to ban fracking in the city of Youngstown.

The Heartland Institute began a project in the fourth quarter to highlight the importance of coal to the nation’s electric power system. In a December 15 op-ed in *The Hill*, “Blame Government, Not the Market, For Dwindling Coal Industry,” Orr wrote, “Coal and nuclear plants are not retiring because they are inefficient and need subsidies to remain competitive; they are retiring because state and federal policies have placed a thumb on the scale, unfairly favoring renewables over traditional forms of energy.” In a Heartland podcast hosted by Orr, Alan Moran of the Australian think tank Regulation Economics discussed how shuttering coal-fired power plants in Australia and attempting to replace them with wind power caused electricity prices to spike and has made the grid more vulnerable to blackouts. Heartland staff also produced original research on the importance of coal to the nation’s energy mix, to be published later in 2018.

**Monumental Victory**

On December 4, President Trump issued proclamations reducing the land area of the Bears Ears National Monument and the Grand Staircase-Escalante National Monument in Utah. Prior to Trump’s action, Burnnett conducted a podcast with Matthew Anderson, federalism policy director at Utah’s Sutherland Institute, discussing past presidents’ abuse of the 1906 Antiquities Act to declare massive national monuments going far beyond the law’s original intent. On the nationally syndicated *Josh Tolley Show*, Grande lauded Trump’s decision to cut the size of the two monument areas.

*Environment & Climate News* covered this important story for its audience, which includes every state and national legislator in the country. Policy Advisor Jim Rust published a letter on the subject in the *Atlanta Journal-Constitution*, and in an op-ed published in the *Deseret News*, Policy Advisor Barry Poulson recommended Western states form a compact to draw up a new Homestead Act by which the federal government would devolve ownership of its land holdings to the states and use the revenue from the sale and lease of public lands to reduce the national debt.
Some time ago, Joseph Bast announced his plans to retire from The Heartland Institute in January 2018, 34 years after cofounding Heartland with David Padden.

Diane Carol Bast, who joined Heartland just two years after it started and is now senior editor and finance manager, is retiring with her husband of 36 years.

Joe and Diane worked tirelessly for three decades to transform The Heartland Institute from a one-person shop operating out of a single, donated room at a law firm, into one of the top 10 free-market think tanks in the United States, according to thebestschools.org. The Economist even called Heartland “the world’s most prominent think tank supporting skepticism of man-made climate change.”

Joe has been recognized many times for his contributions to the freedom movement, including:

• 1994 Roe Award from State Policy Network
• 1996 Sir Antony Fisher International Memorial Award (with coauthors)
• 1998 Eagle Award from Eagle Forum
• 2004 Champion of Liberty award from the Libertarian Party
• 2016 Edward Teller Award for the Defense of Freedom from Doctors for Disaster Preparedness

To honor Joe and Diane’s accomplishments and ensure their life’s work continues after they retire, please consider renewing or increasing your regular contribution to The Heartland Institute. There are four special gifts you can make:

• place Joe and Diane’s names on or near our building here in Arlington Heights, Illinois;
• name one of our policy centers in Joe and Diane’s honor;
• endow one of our programs, such as an internship or a senior fellow position in their names; or
• make a special contribution to Heartland’s Endowment Fund.

Gwendalyn Carver, Heartland’s development director, can describe each of these opportunities in detail. Contact her at 312/377-4000 or by email at gcarver@heartland.org. Ms. Carver will help you craft your special gift in honor of Joe and Diane Bast.
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A Legacy of Freedom

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