Very few organizations survive 30 years, and very few people work for the same organization for that long. That makes The Heartland Institute an exceptional organization, and it makes me a very lucky guy.

Ideas Matter

The Heartland Institute was founded in 1984 on a very simple idea: Ideas matter. In the history of nations, ideas have mattered a lot.

For thousands of years the condition of mankind was almost universally characterized by poverty, war, slavery, and tyranny. That...
some people could use force against others was accepted by the philosophers and religious leaders of the day. Slavery was “politically correct” in its day. So was monarchy and killing witches.

The idea that all men are created equal, and are endowed by their creator with certain inalienable rights, and that among these are life, liberty, and the pursuit of happiness, was revolutionary in 1776. It changed human history. It made possible the democracy, peace, freedom, and prosperity we all too often take for granted today.

The War of Ideas
But even great ideas need champions able to defend them from competing ideas. The idea that some people are “more equal than others,” as George Orwell put it so well in 1984, is an ancient one.

It finds advocates among tyrants, obviously, but also among bureaucrats and elected officials, among academics who long to impose their vision of a better world on the rest of us, in industry among businessmen and -women who find it easier to please a government overseer than compete for customers in the marketplace, and among liberals and socialists who fear and misunderstand how a truly free society would look and operate.

While tyranny has many natural allies, freedom often wants for defenders. Its greatest defenders often end up martyrs, unpopular during their lifetimes and recognized for their achievements only after they have died. Many politicians give lip service to freedom but when it comes time to vote, they support legislation that restricts freedoms, redistributes wealth, or piles debt onto future generations.

Plenty of people say “freedom is good except for [fill in the blank].” Sometimes those exceptions are merited: Your freedom to swing your fist ends at the tip of my nose. But often those alleged exceptions to freedom are not warranted, and while each might seem to be small and minor, together they add up to big holes in freedom’s foundation. Freedom needs heroes, not fair-weather friends.

Freedom also suffers from what economists call the “free rider problem.” People benefit from freedom even if they don’t invest in its preservation. Many of our neighbors are politically asleep, they don’t follow the issues, they don’t vote, they just don’t care. Because of our hard work, their freedoms are secure.

So the defenders of freedom are always and everywhere outnumbered by its foes.

The Heartland Institute
The Heartland Institute and scores of organizations like it were created to level the odds between the forces of freedom and tyranny, and to free as many people as possible from the tyranny of others. It’s a noble cause, perhaps the most noble cause anyone can pursue.

The Heartland Institute was started by Dave Padden and a group of small business owners in Chicago in 1984. It hired a young kid still in college with little experience but a lot of enthusiasm to be its first executive director.

It grew, slowly but steadily, to become one of the country’s most influential think tanks. Today, it has 230 academics and economists serving on its board of policy advisors, 160 elected officials serving on its legislative advisory board, a full-time staff of 31, more than 5,000 donors, and an annual budget of about $6 million.

In the overall scheme of things, we’re a
small organization, but we’ve accomplished big things. We are the reason 26 states refused to create Obamacare state insurance exchanges, and why 24 states have declined to expand Medicaid.

We are why 21 states have voucher and tax-credit programs that allow 212,000 students to enroll in private schools. And why seven states have parent trigger laws that require schools be reorganized, turned into charters, or shut down if a majority of parents sign petitions demanding this.

We are why there is no carbon tax or carbon cap-and-trade program in the U.S., why the Kyoto Protocol was allowed to expire, and why no climate treaty with binding national targets will emerge from Paris in 2015.

Along the way, we have saved taxpayers billions of dollars a year by effectively opposing tax hikes, subsidies of all kinds, and unnecessary regulations.

Logic and Passion
We defend our vision of a free society with logic and passion, because neither one alone is sufficient to win the battles. We study social problems and discover solutions that rely on more freedom and less government. We show how these solutions are more efficient than relying on the government, and efficiency is important: without it, there is no prosperity. But we also appeal to fairness and morality, because this is what drives passion.

There is no justice without the rule of law. There is no morality without the freedom to act, wisely or unwisely, and bear the consequences. There is no meaning to life if we are not free to choose our own paths and to do it our own way.

We will continue to defend our vision of a free society no matter how politically incorrect it might be, and no matter what tactics our opponents use against us, because we were chosen by fate to defend freedom. It’s our privilege and duty to perform this important task.

Tonight, we recommit ourselves to this mission. If you are a donor to The Heartland Institute, thank you for your generosity, your concern for your country’s future, and your courage to stand up and be counted.

If you are not yet a donor, I hope you will join us. Become part of the solution; don’t let others carry your weight as well as their own. Make promoting freedom your favorite charity, because increased freedom will lift every other cause that might be important to you.

You can make freedom your legacy, something your children and grandchildren will remember and thank you for. Now is the right time to start. The Heartland Institute welcomes your support.

Joseph L. Bast (jbast@heartland.org) is president of The Heartland Institute.

The Heartland Institute

The Heartland Institute is an independent source of research and commentary founded in Chicago, Illinois in 1984. It is not affiliated with any political party, business, or foundation. Its activities are tax-exempt under Section 501(c)(3) of the Internal Revenue Code.

Heartland’s mission is to discover, develop, and promote free-market solutions to social and economic problems. Such solutions include parental choice in education, market-based approaches to environmental protection and health care finance, tax and spending limitation, and deregulation in areas where property rights and markets do a better job than government bureaucracies.

For more information, call 312/377-4000 or visit our Web site at www.heartland.org.

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By the Numbers

During the third quarter of 2014, The Heartland Institute ...

- Hosted the Ninth International Conference on Climate Change (ICCC-9), an Emerging Issues Forum, and our 30th anniversary benefit dinner.
- Completed and began promoting a new book, Rewards: How to Use Rewards to Help Children Learn — and Why Teachers Don’t Use Them Well.
- Published Budget & Tax News, Environment & Climate News, and School Reform News and prepared to relaunch Health Care News. All four publications have new managing editors.
- Released 41 issues of three weekly e-newsletters, 26 Research & Commentaries, three written testimonies, and two Policy Briefs.
- Contacted elected officials 300,563 times, including 5,873 one-on-one contacts.
- Generated at least 136 broadcast and print media hits reaching 17.6 million subscribers and 899 online hits.
- Added 39 interviews to podcasts, attracting 275,595 listeners, and spoke at 39 events reaching 8,645 people.

Center for Transforming Education

- Finished writing and began promoting Rewards: How to Use Rewards to Help Children Learn—and Why Teachers Don’t Use Them Well.
- Published a new booklet titled Replacing Common Core with Proven Standards of Excellence, by David V. Anderson, Ph.D.
- Published one issue of School Reform News and recruited a new managing editor, Heather Kays.
- Sent 13 issues of School Choice Weekly to roughly 855 e-subscribers.

- Released four Research & Commentaries and two written testimonies.
- Produced 10 new podcasts attracting 31,574 listeners.
- Logged 1,366 personal and 51,881 group contacts, for a total of 53,247 contacts with elected officials.
- Generated at least 85 broadcast, print, and online media hits reaching more than 3.7 million people.

Consumers for Health Care Choices

- Recruited a new managing editor for Health Care News, Sean Parnell, and prepared to resume publication after a one-year hiatus.
- Sent 13 issues of Consumer Power Report, written by Senior Fellow Benjamin Domenech, to approximately 4,000 people.
- Released four Research & Commentaries and two new podcasts attracting 29,365 listeners.
- Logged 1,024 personal and 85,816 group contacts for a total of 85,840 contacts with legislators.
- Generated at least 13 broadcast, online, and print media hits reaching nearly 1.5 million people.

Center on Budgets and Taxes

- Published three issues of Budget & Tax News and recruited a new managing editor, Jesse Hathaway. Steve Stanek remains a research fellow.
- Released nine Research & Commentaries and a Heartland Policy Study by constitutional law scholar Nick Dranias.
- Submitted testimony opposing proposed FDA regulation of e-cigarettes and produced 11 new podcasts attracting 38,287 listeners.
Logged 1,649 personal and 83,791 group contacts for a total of 85,440 contacts with legislators.

Generated at least 48 broadcast, online, and print media hits reaching nearly 4.7 million people.

Center on the Digital Economy
- Submitted written testimony to the Federal Communications Commission and signed on to an open letter to Congress.
- Produced two Research & Commentaries.
- Published 20 entries from eight authors at Somewhat Reasonable and 24 stories in the Heartlander digital magazine.
- Produced one podcast attracting 26,723 listeners.
- Logged 190 personal and 2,396 group contacts for a total of 2,586 contacts with legislators.

Center on Climate and Environmental Policy
- Hosted the Ninth International Conference on Climate Change.
- Created and launched a new website featuring the winners of 10 awards given at ICCC-9.
- Added 14 interviews to the podcast series, attracting 59,986 listeners.
- Published three issues of Environment & Climate News and recruited a new managing editor, H. Sterling Burnett. James M. Taylor remains a senior fellow and is now vice president of development.
- Sent nine issues of Climate Change Weekly to 6,000 subscribers.
- Produced a report for the Nongovernmental International Panel on Climate Change on sea level rise for submission to the New South Wales (Australia) government.
- Produced Policy Briefs by Heartland Policy Advisor Russell Cook and Senior Fellow Jay Lehr and seven Research & Commentaries.
- Logged 1,412 personal and 62,201 group contacts, for a total of 63,613 contacts with elected officials.
- Generated at least 683 broadcast, print, and online media hits reaching nearly 7.4 million people.
- Inadvertently hosted a “die in” on Saturday, September 6, when national environmental groups converged in front of our office building to protest our effectiveness in the global warming debate.
The Heartland Institute’s 30th Anniversary Benefit Dinner

Michelle Malkin and Joe Walsh Lead Celebration of Heartland’s 30th Anniversary

The Heartland Institute celebrated 30 years of defending free enterprise, individual liberty, and limited government with a gala event on Friday, September 12. Nearly 500 people attended to hear keynote presentations by Michelle Malkin and former congressman Joe Walsh, as well as a salute to M. Stanton Evans, recipient of the 2014 Heartland Liberty Prize.

Video of all the presentations is available online at benefit.heartland.org. Heartland President Joseph Bast’s opening remarks start on the cover of this issue of QPR.

If you were there, you must have noticed the special energy and enthusiasm that spread across the room. Many people remarked on the decidedly upbeat mood of the audience and the number of new people in attendance.

The audience seemed to understand the public is waking up to threats to their freedom, and everyone was hopeful the coming elections would mark a decisive turning point. They were rewarded!

This year’s benefit was our first to be held in the suburbs since the 1990s, when four consecutive events took place outside downtown, including three of them at The Cotillion, the banquet hall in suburban Palatine, Illinois, where this year’s event took place. The presence of men and women who were active with Tea Party groups and political campaigns made it clear “heartland values” are still alive and well in Illinois, even if not often on display in its largest city.

Joe Walsh’s talk got the audience to its feet as he admonished Congress for failing to
perform its constitutionally defined duties and called for a populist uprising against crony capitalism and the left’s nanny-state agenda. Walsh reminded the audience of his modest roots, starting with some years working to promote school choice for The Heartland Institute back in the early 1990s.

Michelle Malkin demonstrated why she has become one of the most popular and admired figures in the freedom movement. She discussed her humble background as well, and then made her views about Common Core State Standards personal by describing how they affect her own young family. You could have heard a pin drop at various moments during her speech as the audience hung on her every word … and she got a rousing standing ovation when she concluded.

This year’s Heartland Liberty Prize winner, M. Stanton Evans, was unable to attend due to poor health, but Jameson Campagne and Joseph M. Morris delivered a salute to their friend that had the audience almost constantly laughing and clapping. The presentation included a slide show featuring photos of Stan over the course of his long career.

After the event, Stan was sent his award along with a DVD with the entire presentation recorded. He called us to express his delight with the show and gratitude for the recognition.

Plans are already underway for our 31st anniversary benefit dinner in 2015. Please call Gwen Carver at 312/377-4000, or send her an email at gcarver@heartland.org, to suggest speakers or to reserve a table.
Empowering Health Care Consumers

By Sean Parnell
Research Fellow
Managing Editor
Health Care News

The Heartland Institute leads the fight to empower health care consumers. We play a key role in educating state elected officials and the public on critical issues, especially those related to the Affordable Care Act, aka Obamacare.

Health Care News Is Back!
Heartland has re-launched Health Care News, its monthly newspaper on health care policy issues, which went on hiatus in late 2013. The paper will be sent to every state legislator in the country, every member of Congress, and thousands of media outlets and allies in the movement for free-market health care.

Heartland’s former vice president of external affairs, Sean Parnell, is the new managing editor for Health Care News. [Benjamin Domenech remains on board as a senior fellow.] Parnell left Heartland in 2007 to serve as president of another nonprofit organization and established his own public policy consulting firm in 2011. He is the author of The Self-Pay Patient: Affordable Healthcare Choices in the Age of Obamacare and runs TheSelfPayPatient.com.

We’re excited to have Parnell back at Heartland as we re-launch Health Care News, and we look forward to being able to use this publication to help educate state legislators and other key opinion leaders around the country on the benefits of free-market health care.

Obamacare on the Ropes?
In July, a panel of the U.S. Court of Appeals for the D.C. Circuit ruled in Halbig v. Burwell that the Obama administration is imposing taxes and spending funds through 36 state health insurance exchanges without statutory authority. Less than two hours later, a panel of the U.S. Court of Appeals for the Fourth Circuit handed down a contradictory ruling. The Supreme Court has agreed to hear appeals.

The D.C. circuit court ruling supports a position The Heartland Institute has advocated since Obamacare was enacted in 2010 and used effectively to persuade 26 states to refuse to create insurance exchanges: Only state-created exchanges are authorized to offer subsidies to people who use them to sign up for health insurance. If Halbig v.

Performance Highlights

- We recruited Sean Parnell to become the new head of Consumers for Health Care Choices and managing editor of Health Care News.
- We published 13 weekly editions of Consumer Power Report and sent them to approximately 4,000 people.
- We published four Research & Commentaries addressing Medicaid expansion in Indiana, physician-owned hospitals, medical licensing, and tele-medicine.
- Heartland’s blog, Somewhat Reasonable, featured 13 entries about health care, and the Heartlander digital magazine published 30 stories.
- The government relations team logged 1,024 personal and 85,816 group contacts for a total of 86,840 contacts with legislators on health care issues.
- We generated at least 13 broadcast, online, and print media hits reaching nearly 1.5 million people and produced two new podcasts on health care attracting 29,365 listeners.
**Burwell** is upheld, Obamacare will implode.

Heartland covered the legal battle closely with op-eds, articles posted at the *Heartlander* digital magazine and in our e-newsletter *Consumer Power Report*, and in our weekly email for state elected officials, *The Leaflet*. Experts discussed the case at our Emerging Issues Forum held in Minneapolis on August 22 and 23.

Heartland released several *Research & Commentary* collections on the case to repeal and replace Obamacare and distributed information to more than 100 college campuses by working with Turning Point USA. Heartland sent Turning Point USA 5,500 books and booklets including 2,500 copies of *The Obamacare Disaster* by Peter Ferrara and 1,000 copies of “Ten Principles of Health Care Policy.”

**Beyond Obamacare**

In August, Domenech devoted the opening essay of an issue of *Consumer Power Report* to describing a proposal by Heartland Policy Advisor Avik Roy to significantly revise but not entirely repeal Obamacare, a path that might be politically necessary.

Roy’s plan eliminates the individual and employer mandates; transforms the Medicaid expansion in favor of private coverage; repeals all but the Cadillac Tax of Obamacare; and shifts power and authority to the states. Roy’s plan would reduce the federal deficit without raising taxes, expand coverage meaningfully above Obamacare’s levels, repeal the individual mandate, reduce the cost of private health insurance, and improve health outcomes for the poor.

An analysis of Roy’s plan by Stephen Parente of the University of Minnesota found “the plan, over a thirty-year period, reduces federal spending by $10.5 trillion and federal revenue by $2.5 trillion, for a net deficit reduction of $8 trillion. We project that it will expand coverage by more than 12 million individuals over its first decade, despite the fact that it repeals the individual mandate. It reduces the cost of private-sector insurance policies by 17 percent for single policies and 4 percent for family policies.”

**Fostering Health Care Innovations**

Heartland continues to ask what a future health care free market might look like, asking questions no one else thinks to ask and proposing novel solutions that challenge conventional thinking. This included releasing three *Research & Commentary* collections in August on physician-owned hospitals, medical licensing, and telemedicine.

At an author’s event in Heartland’s library in August, Parnell discussed his book, *The Self-Pay Patient: Affordable Healthcare Choices in the Age of Obamacare*. He explained there is a small but vibrant free market in health care today consisting of patients and providers who deal directly with one another rather than through the dominant state-directed third-party payer system.

Key elements of the free market in health care include cash-only doctors and surgical facilities that offer “all-inclusive” pricing for procedures, medical tourism, price-comparison tools, and alternatives to conventional health insurance, including health care sharing ministries and critical illness insurance. Parnell’s presentation is available online at Heartland’s YouTube channel.

On August 12, *The Wall Street Journal* (circ. 1,482,954) published a letter by Parnell, titled “There Is a Free, if a Small, Health-Care Market Today.”
Global Warming Skeptics Unite!

H. Sterling Burnett, Ph.D.
Senior Fellow
Managing Editor
Environment & Climate News

Global warming alarmism, possibly the biggest social movement of the past decade, is in its death throes now. Its scientific claims have been debunked and its political hopes dashed by mid-term elections. The public has turned its back on discredited alarmists. This is a great time to be a global warming skeptic!

“People’s Climate March” Exposed

A so-called “People’s Climate March” was held in New York City on September 21, the day before a United Nations climate meeting, in an attempt to generate action by the world’s leaders at the meeting. It failed. The U.N. summit was poorly attended, with the leaders of some of the world’s largest greenhouse gas emitters – China, India, and Germany – declining to attend.

The march itself failed, too. Despite millions of dollars spent on PR firms to promote it, only “the usual suspects” showed up: disenchanted liberals who attend any parade that lets them chant anti-capitalist slogans. William M. Briggs attended the march and reported in the Heartlander, in a piece titled “People’s Climate March: The Face of True Belief,” that the participants he spoke with were unable to answer any climate science questions and showed a distinct lack of curiosity about the science.

Ron Arnold, author of several books on the history of the environmental movement, also saw something new. In an article published by the Washington Examiner he wrote: “Heartland Institute’s Ninth International Conference on Climate Change, with its 64 speakers from 12 countries, marked a turning point in the climate wars between alarmists and skeptics: A lot more first-timers than dogged veterans showed up for the three-day science marathon, July 7–9.”

Can you feel it? Plans already are underway for a tenth International Conference on Climate Change in Washington, DC. See page 19 of this QPR for details.

A Tipping Point in Climate Debate

Last quarter’s QPR reported on Heartland’s successful Ninth International Conference on Climate Change, which took place in Las Vegas on July 7–9. It was possibly the best ICCC ever with 650 guests, 64 speakers, and 32 cosponsors.

Following the event, climate scientist Roy Spencer wrote, “First of all, this was easily the most energetic of the Heartland conferences held over the years. ... To me, it feels like a climate skepticism tipping point has been reached.”

Ron Arnold, author of several books on the history of the environmental movement, also saw something new. In an article published by the Washington Examiner he wrote: “Heartland Institute’s Ninth International Conference on Climate Change, with its 64 speakers from 12 countries, marked a turning point in the climate wars between alarmists and skeptics: A lot more first-timers than dogged veterans showed up for the three-day science marathon, July 7–9.”

Can you feel it? Plans already are underway for a tenth International Conference on Climate Change in Washington, DC. See page 19 of this QPR for details.

Replace EPA!

Heartland continues to press the president and Congress to rein in the Environmental Protection Agency (EPA), a rogue agency that imposes hundreds of billions of dollars of unnecessary regulatory burdens on business and energy production and routinely violates individual rights.

In July, Heartland published a Policy Brief titled “Replacing the Environmental Protection Agency” by Heartland Science
Director Dr. Jay Lehr. Lehr was a key player in the creation of EPA in 1971, but by 1981 he had changed his views on the need for the agency. In the Policy Brief, Lehr notes that soon after the agency was created, “liberal activist groups recognized EPA could be used to advance their political agenda.” He proposes replacing EPA with a “committee of the whole” composed of the 50 state environmental protection agencies. EPA’s budget would be slashed 80 percent, leaving only some research activities standing.

The report has generated so much media attention and grassroots support that we re-released it in November as a booklet for wider dissemination.

**Victories for Hydraulic Fracturing**

Hydraulic fracturing – popularly known as “fracking” – is revolutionizing energy production in the U.S. and the world. Combined with advances in horizontal drilling, it has dramatically increased natural gas production in the U.S. and saved consumers billions of dollars a year in energy costs.

Environmentalists hate fracking since it lowers the cost of energy, increases U.S. manufacturing, and means we are no longer at risk of running out of fossil fuels. Greater reliance on natural gas even promises to reduce our carbon dioxide emissions, something environmentalists cheered until fracking came along.

Research Fellow Isaac Orr is Heartland’s fracking expert, and he is quickly emerging as a national figure in the debate. He appeared on Powering America Radio to discuss how the oil and gas industry betters people’s lives and to discuss chemical disclosure in fracking. Over the summer, he recorded six podcasts on fracking for Heartland’s Daily Podcast series.

Heartland authors H. Sterling Burnett, Kenneth Artz, Bonner Cohen, and Alyssa Carducci all wrote frequently on fracking for the Heartlander, Environment & Climate News, and Heartland’s blog, SomewhatReasonable.org.

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**Performance Highlights**

- Fourteen interviews were added to the podcast series, attracting 59,986 listeners.
- We published July, August, and September issues of Environment & Climate News and sent nine issues of Climate Change Weekly to roughly 6,000 subscribers.
- Senior Fellow Robert M. Carter, Ph.D. and 10 other NIPCC-affiliated scientists submitted a report on sea-level rise to the New South Wales (Australia) government.
- Policy Briefs were published calling for replacing EPA and exposing Al Gore as the source of the false claim that global warming skeptics are paid to lie by fossil fuel interests.
- Seven Research & Commentaries were produced on energy and environment issues: the Clean Air Act, Clean Water Act, endangered species, renewable portfolio standards, DDT bans, EPA’s CO2 regulations, and energy poverty.
- The government relations team logged 1,412 personal and 62,201 group contacts, for a total of 63,613 contacts with elected officials on education issues.
- We generated at least 683 broadcast, print, and online media hits reaching nearly 7.4 million people.
The Center for Transforming Education welcomed Heather Kays as the new managing editor of School Reform News, promoted a new book on the use of rewards in education, proposed a replacement for Common Core State Standards, and continued to advocate for more parental choice in education.

**Welcome Heather Kays!**

Heather Kays has joined Heartland as a research fellow and managing editor of School Reform News, our national outreach publication for the school choice movement. Joy Pullmann remains a Heartland research fellow and writes our weekly e-newsletter, School Choice Weekly.

Heather is an experienced reporter and editor, covering mostly education and politics, and also has worked for the nonprofit education policy and school choice news group, Choice Media. Her work has been published by USA Today, the Associated Press, and various other newspapers and websites.

**Why Don’t Teachers Use Rewards?**

*Rewards: How to Use Rewards to Help Children Learn – and Why Teachers Don’t Use Them Well* by Heartland Chairman Herbert Walberg and President Joseph Bast, went to press at the end of September. Heartland conducted an extensive and successful promotional campaign in support of the book and its authors.

*Rewards* is a response to many books and articles, both scholarly and popular, alleging “incentives simply do not work” in elementary and secondary schools, and “any approach that offers a reward will fail.” The book directly confronts Alfie Kohn (the author of these statements) and other prominent progressives on the issue of intrinsic versus extrinsic motivation.

We believe the book will be a major seller, having crossover appeal to parents and grandparents, educators, policymakers, and education researchers. American Thinker, Human Events, Watchdog.org, and InsideSources have published excerpts. Four podcasts with the authors aired on Heartland’s Daily Podcast; Bast discussed the book on
Fox and Friends, the country’s highest-rated television current events program, on September 9; and Walberg appeared on the Joyce Kaufman Show on WFTL-AM in West Palm Beach, Florida.

Replacing Common Core
On October 1, Heartland published a new booklet titled Replacing Common Core with Proven Standards of Excellence, by David V. Anderson, Ph.D. Anderson argues Common Core is incomplete, inferior to standards already in place, a threat to student and parent privacy, and probably illegal. He urges states and parents to use ACT standards and tests instead of Common Core, calling them “more traditional, research-based, and supportive of college readiness than Common Core, which has not been validated by significant peer-reviewed research.”

Pullmann debated Common Core and other education issues with Robert Pondiscio of the Fordham Institute on the John Stossel Show on the Fox News Channel and was mentioned in a segment of Geraldo at Large on September 8. Kays appeared on the Mike Siegel Show on the Genesis Communications Network on August 28 and the Sam Sorbo Show on the Talk Radio Network on August 19.

Heartland hosted a Common Core briefing on September 22 at the Pennsylvania state capitol in Harrisburg, attended by 22 Pennsylvania lawmakers and staffers. We sent multiple Research & Commentary reports on Common Core to elected officials in Florida, Georgia, Louisiana, Ohio, Pennsylvania, and Wisconsin.

Defending School Choice
Expanding parental choice in education remains Heartland’s highest priority. Heartland’s researchers and writers reported on the Supreme Court of New Hampshire’s recent decision to uphold the state’s tax credit scholarship, the growing number of students participating in the Florida Tax Credit Scholarship Program, and how North Carolina lawmakers finally have allowed students to enter a voucher program. Almost half of North Carolina’s private schools will participate in the program, according to Darrell Allison, president of Parents for Educational Freedom in North Carolina.

On September 29, Kays interviewed Andrew Coulson, director of Cato’s Center for Educational Freedom, for a podcast discussing lawsuits aiming to get rid of school voucher programs. Heartland staff is working with state officials in Illinois and Oklahoma to develop plans to cut education spending and expand school choice.

An article by Heartland Senior Fellow Bruno Behrend about using lawsuits as a way to invoke the parent trigger law will run in the December issue of School Reform News. Behrend suggests, “If the American child has a ‘right’ to an education, that right needs to be real, not illusory. If it takes a set of court cases to enforce those rights, then the time to file them has come.”
Pensions, Ridesharing, and the IRS

It was a busy quarter for Heartland staff addressing taxes, budgets, and regulation. We worked with legislators across the country on pension reform, defended Uber and other ridesharing entrepreneurs from excessive regulation, and even called for abolishing the IRS.

Averting Public Pension Crises

Many states and cities are facing financial crises due to chronic underfunding of public pension funds and overly generous retirement and health benefits. Heartland has moved from warning of the dangerous consequences of this debt to working closely with governors and other elected officials to fix their broken budgets.

We produced Research & Commentary collections on the need for pension reform in Alabama, Oklahoma, and Pennsylvania. The Pittsburgh Tribune-Herald in July published a letter to the editor by Senior Policy Analyst Matthew Glans warning of problems with Pennsylvania’s underfunded public pension system.

In September, we helped publicize a report by the nonpartisan group Truth in Accounting on how New Hampshire, Ohio, and Tennessee lead the country in public pension reform. A closer analysis, conducted at the request of The Heartland Institute, revealed the improvements reported by those states were not due simply to accounting gimmicks. Instead, those states achieved real improvements in both the transparency and overall structure of their public pension systems.

Protecting Ridesharing

“Ridesharing,” illustrated by companies like Uber and Lyft, allows customers who need rides to use their smartphones to contact drivers of vehicles for hire. Taxicab companies are going all-out to stop this innovation, and Heartland is battling their propaganda and lobbying efforts in cities around the country.

On July 15, Heartland responded quickly to a regulatory crackdown on ridesharing companies in Memphis with a Research & Commentary sent to all elected officials in the city. Heartland’s Alex Monahan wrote, “Consumer demand for ridesharing services ... demonstrates why additional regulations on transportation network providers are unnecessary. Rideshare companies must build customer loyalty and positive feedback in order to exist. This serves as a market-based form of regulation.”

In July, Budget & Tax News reported a policy win in Milwaukee, Wisconsin, where the city finally removed a cap on the number of taxicabs operating within the city, making it “one of the freest cities in the nation for drivers looking to enter the taxicab market.” (One of Heartland’s first policy studies, written by George P. Leophardt and Joseph...
L. Bast and published in 1985, called for deregulating taxicabs and used Milwaukee as a prime example!

In September, Budget & Tax News reported on regulatory crackdowns in California on the nascent rideshare industry. The article highlighted some of the more hyperbolic predictions and accusations made by members of the incumbent taxicab industry elsewhere in the nation.

E-Cigarettes and Tobacco Regulation
Heartland encourages sensible regulation of electronic cigarettes, the rapidly emerging and healthier alternative to tobacco. In August, Reason magazine quoted Heartland’s Matthew Glans saying “their benefits as a replacement therapy outweigh any negative effects they’ve found so far.”

Heartland Research Fellow Greg Conley submitted testimony to the U.S. Food and Drug Administration on proposed regulations of e-cigarettes, warning “the FDA’s proposed regulation would decimate the small businesses that make up America’s independent e-cigarette industry and remove a powerful tool smokers are using to kick the habit. Congress never intended for the regulations it crafted for cigarettes and smokeless tobacco to apply to innovative tobacco-free products.”

In August, Conley was a featured speaker at Auburn, Washington’s Northwest Vape Festival, giving a well-received speech titled “Don’t Let Washington State Impose a Tax on E-Cigarettes.” In September, he traveled to Ontario, Canada to deliver a speech titled “Fighting Back Against Unjustified Taxes on and Bans of E-cigarettes” at the Electronic Cigarette Convention.

Abolish the IRS? Why Not?
On July 8, Heartland Senior Fellow Peter Ferrara and Lew Uhler, president of the National Tax Limitation Committee, had an essay titled “Putting Congress in Charge of Tax Policy Again” in the Washington Times (circ. 53,240). They wrote, “Since the Constitution does not authorize Congress to delegate its legislative duties to others, Congress could redeem itself immediately by reasserting its legislative authority. A good place to start is with the Internal Revenue Service (IRS), which has become a runaway agency.”

On August 12, Ferrara and Uhler expanded their argument in an essay titled “Recent Scandals Show It’s Time To Abolish IRS,” which ran in Investor’s Business Daily (circ. 210,391). They wrote, “Congress abdicated its constitutional role in tax collection in 1862, when it prescribed an income tax to be collected by a newly-created Internal Revenue Commission in the Treasury Department. Since then, there have been a series of presidential abuses of the IRS, which now has lapsed into virtually a campaign arm of ‘Team’ Obama.”

Abolishing the IRS may be the only way to end its use as a political weapon in politics, a practice that pre-dates the Obama Administration but reached new heights in the recent scandal over targeting Tea Party groups and other anti-tax groups. It also may be the only way to end the IRS’s war on U.S. citizens living abroad, a story we covered in a July 2 article at the Heartlander digital magazine by Mark Nestmann titled “A Cease Fire in the IRS’ War on US Citizens.”
Heartland’s Center on the Digital Economy recognizes some of the biggest threats to individual freedom and prosperity occur when governments try to tax and regulate the Internet. We’re on the front lines battling taxes on Internet access and online sales and schemes to regulate the Internet as a public utility.

**Internet Tax Freedom Act**

Since 1998, the Internet Tax Freedom Act (ITFA) has helped promote the growth of the Internet by prohibiting taxes on access to the Internet, but that measure expired November 1. Congress is considering the Permanent Internet Tax Freedom Act (PITFA), written by Judiciary Committee Chairman Bob Goodlatte (R-VA) and cosponsored by 138 Republicans and 76 Democrats.

PITFA would make permanent the moratorium and end the existing “grandfather clause” that allows seven states (Hawaii, New Mexico, North Dakota, Ohio, South Dakota, Texas, and Wisconsin) to tax Internet access. According to Stateline, ending those state taxes would save consumers about $500 million annually.

On July 17, Heartland published an article at the *Heartlander* digital magazine by contributor Josh Peterson titled “House Passes Permanent Internet Tax Ban, Bill Goes to Senate.” In September, Heartland joined a broad coalition of conservative leaders and free-market proponents voicing opposition to S. 2609, the so-called Marketplace and Internet Tax Fairness Act, which would make the ban on Internet access fees permanent but allow states to tax online sales.

On September 24, Heartland published and distributed a *Research & Commentary* by Senior Policy Analyst Matthew Glans titled “Permanent Internet Tax Freedom Act and the Grandfather Clause.” Glans wrote, “A permanent Internet access tax moratorium would help expand broadband access and development while reducing the need for government broadband spending.”

**The Internet Is Not a Public Utility**

On November 10, President Barack Obama called on the Federal Communications Commission (FCC) to regulate the Internet and broadband services as it does sewers, hands off the Internet!

**Performance Highlights**

- Heartland’s blog, *Somewhat Reasonable*, featured 20 entries about telecommunications and technology policy from eight authors.
- The Tech and Opinion sections of the *Heartlander* digital magazine published 24 stories.
- One new episode of the *InfoTech & Telecom News* podcast, now part of the Heartland Daily Podcast, was produced, attracting 26,723 listeners.
- The government relations team logged 190 personal and 2,396 group contacts for a total of 2,586 contacts with legislators on digital economy issues, as well as the submission of written testimony to the Federal Communications Commission in favor of the Comcast/Time Warner merger.
- Two *Research & Commentaries* were produced, addressing the Permanent Internet Tax Freedom Act and expansion of municipal broadband in Chattanooga, Tennessee.
water, and other public utilities. Such increased regulation would be a disaster for consumers as it would lead to more litigation, less innovation, and less investment.

FCC has been trying for years to reclassify broadband as a Title II common-carrier telecommunications service, a back-door way to impose “net neutrality” on the digital economy. The Heartland Institute has published policy studies and countless articles and blog posts opposing this misguided campaign.

Heartland Policy Advisors Scott Cleland and Seton Motley, along with Communications Director Jim Lakely, have been writing extensively in opposition to net neutrality. On July 25, Cleland wrote for the Heartlander an article titled “Silicon Valley’s 6 Biggest Net Neutrality Fantasies Special Report.” On September 10, we published at the Heartlander an article by Motley titled “These People Think the Way to Keep Things Fast Is to Bring in the Government?”

On September 26, Heartland published an article at the Heartlander by Cleland titled “FTC Implicitly Urges FCC to Not Reclassify Broadband as a Utility.” On September 29, he addressed Title II regulation in another Heartlander article titled “Evaluating the Title II Rainbow of Proposals for the FCC to Go Nuclear.”

Saying No to Municipal Broadband
It’s happening less frequently these days, but some wrongheaded municipalities are still getting into the business of providing broadband to consumers, building expensive fiber networks and offering high-speed access usually in direct competition with existing private businesses. The result almost invariably is fewer customers than expected, lower-quality service, higher prices, and massive debts.

Municipalities do this because self-described “technology consultants” flow into cities across the country, exploiting the wide-eyed optimism of city councilmen. “Progressive” local officials seek to punish “big corporations” by proving they are better than Comcast, AT&T, and other giants at planning, financing, building, and operating complex telecommunications services. What could possibly go wrong?

Every municipality that tries it ends up like the benighted River City in The Music Man, but without the happy ending.

The Heartland Institute is the country’s leading opponent of municipal broadband ventures. In the recent past we published a series of policy studies and critiques of specific city programs that were widely cited in debates across the country, often leading to the defeat of proposals that would have cost taxpayers and consumers hundreds of millions of dollars.

On July 11, Heartland published an article at the Heartlander by contributor Bruce Parker titled “Vermont City Drains Taxpayers of Millions, Bails on Telecom Access Pledge.” On August 29 we published at the Heartlander an article by Scott Cleland titled “NetCompetition’s FCC Comments – Don’t Preempt State Muni Broadband Laws.” And on September 24, Heartland distributed a Research & Commentary by Matthew Glans titled “Chattanooga Municipal Broadband Expansion.”
Don’t just reform EPA, replace it!

The Environmental Protection Agency (EPA) is a rogue agency, out of control and defiant of Congressional oversight, and demonstrably corrupt. EPA won’t voluntarily surrender any of its power to Congressional oversight, so what to do?

Heartland Science Director Jay Lehr has a bold new idea: National EPA must be systematically dismantled and replaced by a Committee of the Whole of the 50 state environmental protection agencies.

Lehr’s *Policy Brief*, “Replacing the Environmental Protection Agency,” is available for free online at heartland.org. A booklet version of the report is available for as little as $0.45 a copy. Order directly from The Heartland Institute by visiting http://store.heartland.org or call 312/377-4000.
Tenth International Conference on Climate Change

The Tenth International Conference on Climate Change (ICCC-10) will take place on June 10-11, 2015, in Washington, DC. You won’t want to miss this event!

Republican mid-term election gains create new opportunities to stop and begin to repeal the anti-energy and anti-jobs policies adopted during the height of the global warming scare.

New scientific discoveries suggest the climate’s “sensitivity” to carbon dioxide is lower than previously thought, and economists warn that reducing emissions enough to have a discernible impact on climate would cause more “energy poverty,” exposing millions of people to hardship or even death.

The most recent conference in this series, ICCC-9, took place in Las Vegas in July 2014 and was widely acclaimed as the best in the series yet. Some 650 people turned out to hear 64 speakers cover every aspect of climate change. Thirty-two organizations cosponsored the event and ten prominent scientists and activists received awards. Video of every presentation along with speakers’ Powerpoints delivered at that event can be found at climateconferences.heartland.org.

For more information and to register, go to climateconference.heartland.org.

To learn more about climate change awards, visit climatechangeawards.org.
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