A Permanent Home for The Heartland Institute

The Heartland Institute celebrated its 30th anniversary in 2014 while occupying leased office space on the 27th floor of one of Chicago’s signature high-rise buildings. Being able to show the world we “finally made it” for the past three years has been nice, but this building never felt like home to me.

After long and careful deliberation, Heartland’s board of directors and senior staff decided it was time for us to buy our own building, to find a more permanent home in a community that supports our mission. Following an 11-month search for suitable space, in December 2014 we purchased a beautiful building in Arlington Heights, a suburb of Chicago. We plan to move in May 2015.

CONTINUED ON PAGE 2
Why Buy a Building?

David Padden, Heartland’s founder and long-time board member, often warned against the allure of owning a building. A building can be nothing more than a CEO’s expensive ego trip, he said. Better to let someone else worry about maintenance, parking, taxes, and security. Owning a building can be a major distraction.

That’s all true, but there’s another side. Continuing to rent in downtown Chicago would cost $22,000 a month, or $1.3 million over five years. For approximately that same amount, we will buy a building in the suburbs, renovate it to exactly suit our needs, and pay all other occupancy costs during that same five-year period. In five years we will own a million-dollar asset (probably worth considerably more), not have to move or renegotiate a lease, and face occupancy costs of only around $12,000 a month.

A permanent home for The Heartland Institute will improve our institutional stability by providing an asset that can secure a line of credit. It removes the uncertainty caused by landlords getting to decide every five or six years whether the organization can remain in its current location or must spend more or move.

Buying and occupying our own building makes a statement that The Heartland Institute expects to remain true to its mission and programs through thick and thin and beyond the tenure and even lifetimes of its founders, current staff, and board of directors. This makes it easier to recruit board members and donors interested in making legacy gifts.

The high cost of leasing space downtown means losing our research library and public meeting space if we stay. Is that the right direction? The building we purchased will accommodate a research library large enough to attract students, faculty from nearby colleges, and adjunct scholars from around the country and even around the world. That’s what a “think tank” should strive to achieve. A larger public meeting space will enable us to reach out to local conservative and libertarian groups, student groups, Second Amendment groups, and more.

Why Move to the Suburbs?

Buying a building in Chicago is a very expensive proposition, given the small number of suitably sized buildings downtown and zoning, taxes, parking, and security concerns surrounding buildings in residential areas.

Moving to Arlington Heights, an affluent suburb on Chicago’s Northwest side, puts us closer to O’Hare Airport as well as to our supporters and audiences. About 80 percent of Heartland’s donors live and work outside Illinois. Seventy-five percent of our Illinois-based donors live in the suburbs while fewer than 25 percent live in Chicago. Being closer to O’Hare and to our base will increase the number of volunteers, donors in the area, and attendance at events.

We want to be part of a community that accepts us and welcomes our efforts, not a lonely outpost for conservative ideas in a city that is uninterested at best and strongly opposed at worst. Polls and election results make it clear that people dedicated to the American Creed of “liberty, egalitarianism, individualism, populism, and laissez-faire” are more likely to live and work in the suburbs than in big cities such as Chicago.

Chicago’s business, political, and media communities have made it clear our free-market ideas are not welcome here. The diversity of views and openness to debate

“We want to be part of a community that accepts us and welcomes our efforts, not a lonely outpost for conservative ideas in a city that is uninterested at best and strongly opposed at worst.”
that existed during Heartland’s first decade, from 1984 to 1994, have largely disappeared. Moving to the suburbs will put us closer to our conservative and libertarian base and to our donors. The politicians, media, and civil leaders who have long boycotted our events won’t miss us.

The Building
The building we have purchased is single story, relatively new construction (1992) with multiple gables and a peaked roof and dormers for great “curb appeal.” It is near a freeway for ease of travel for staff and visitors, yet within walking distance of affordable housing.

At 14,000 square feet, it is about 30 percent larger than our current space. It has off-road parking for 68 cars. Plans for the space include a public meeting space that can seat 100 people, a large library, and work space for a staff nearly double our current size.

We love the look and feel of the building. The natural brick exterior, gables, big windows, mature trees and other landscaping, and dormers give it a warm “heartland” feel. The open concept interior lets us put a large meeting space and kitchen in the center of the building and offices and cubicles on either side.

Can You Help Us Move?
The generosity of our donors and board members enabled us to purchase the building for cash rather than finance the transaction with a mortgage. We are extremely grateful to them. But those dollars were raised with other projects in mind, and we hope to raise gifts specifically for the building so those earlier donors know their money is going where they hoped and expected it would.

We are seeking to raise a total of $2 million to cover the purchase and renovation, landscaping, moving costs, a three-year maintenance and operations fund, and marketing and hosting public events at the building during the first year. Donor recognition opportunities, including naming rights to rooms, are available and listed on pages 16–17.

This is an opportunity for you to make a one-time gift in honor of a loved one or someone you admire, or to ensure your own name will be remembered by future generations of freedom-fighters. Please take a look at pages 16–17 and consider making a generous gift. Contributions are tax-deductible under Section 501(c)(3) of the Internal Revenue Code.

We hope you’re as excited by this new chapter in Heartland’s history as we are!

Joseph L. Bast is president and CEO of The Heartland Institute.
By the Numbers

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

- Contacted elected officials 329,599 times, including 4,568 one-on-one contacts by phone, email, or in person.
- Generated at least 153 broadcast and print media hits reaching 11.4 million subscribers and 571 online hits.
- Distributed three booklets, two Policy Briefs, and 36 Research & Commentaries.
- Contacted elected officials, allies, and business leaders in more than a dozen states to discuss Heartland’s pro-energy, pro-jobs agenda.
- Added 47 interviews to podcasts, attracting 299,767 listeners.
- Hosted a panel discussion on Common Core and spoke at nearly a dozen events reaching more than 3,600 people.

Center for Transforming Education

- Extensively promoted on social media and distributed more than 10,000 copies of Rewards: How to Use Rewards to Help Children Learn – and Why Teachers Don’t Use Them Well, by Heartland Institute Chairman Herb Walberg and President Joseph Bast.
- Distributed 5,000 copies of Common Core: A Bad Choice for America, a booklet by Research Fellow Joy Pullmann, and more than 3,500 copies of Replacing Common Core with Proven Standards of Excellence, a booklet by David V. Anderson, Ph.D.
- Published three issues of School Reform News, 12 issues of School Choice Weekly, and seven Research & Commentaries.
- Logged 528 personal and 74,162 group contacts, for a total of 74,690 contacts with elected officials on education issues.
- Testified before the Education Subcommittee of the Oklahoma State Senate and hosted a panel discussion on Common Core in Palatine, Illinois.
- Produced eight new podcasts on school reform attracting 28,664 listeners.
- Generated at least 80 broadcast, print, and online media hits reaching more than one million people.

Consumers for Health Care Choices

- Published two issues of Health Care News, 10 issues of Consumer Power Report, two Policy Briefs, and nine Research & Commentaries.
- Distributed 2,000 copies of The Obamacare Disaster by Senior Fellow Peter Ferrara.
- Logged 453 personal and 71,266 group contacts for a total of 71,719 contacts with legislators on health care issues.
- Produced five new podcasts on health care attracting 22,400 listeners.
- Generated at least 43 broadcast, online, and print media hits reaching nearly 2.2 million people.

Center on Budgets and Taxes

- Published two issues of Budget & Tax News and eight Research & Commentaries.
- Logged 1,649 personal and 54,341 group contacts for a total of 55,990 contacts with
legislators on budget and tax issues.

- Testified before the Baltimore City Council on a proposed e-cigarette ban.
- Generated at least 33 print, broadcast, and online hits reaching more than a million paid subscribers.
- Produced nine new podcasts on budget and tax issues attracting 48,155 listeners.

**Center on the Digital Economy**

- Produced one *Research & Commentary* addressing municipal broadband.
- Logged 83 personal and 11,076 group contacts for a total of 11,159 contacts with legislators on digital economy issues.
- Published 25 stories at the Info Tech and Telecom section of the *Heartlander* digital magazine.
- Featured 43 entries about telecommunications and technology policy from 10 authors on Heartland’s blog, *Somewhat Reasonable*.
- Produced four podcasts attracting 16,782 listeners.
- Generated at least 74 broadcast, online, and print media hits reaching nearly 74,500 people.

**Center on Climate and Environmental Policy**

- Published two issues of *Environment & Climate News*, nine *Research & Commentaries*, 12 issues of *Climate Change Weekly*, and launched a biweekly *Weather Bulletin*.
- Reprinted as a booklet Science Director Jay Lehr’s *Policy Brief* “Replacing the Environmental Protection Agency,” poly-bagging it with the December issue of *Environment & Climate News*.
- Distributed Russell Cook’s *Policy Brief* titled “Merchants of Smear” digitally and by mail, and arranged for it to be produced as an eBook.
- Logged 1,465 personal and 110,549 group contacts, for a total of 112,014 contacts with elected officials on environment issues.
- Contacted elected officials and business leaders in more than a dozen states to discuss Heartland’s pro-energy, pro-jobs agenda.
- Added 19 interviews on environment topics to the podcast series, attracting 78,190 listeners.
- Generated at least 532 broadcast, print, and online media hits reaching nearly 7.1 million people.

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**Heartland Vital Signs**

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HEARTLAND.ORG
Opposition to Common Core State Standards is growing across the country as parents, teachers, and policymakers discover the debased and politicized contents of the new standards and the intrusive nature of tests it requires. The Heartland Institute is helping parents understand how Common Core threatens their children and encouraging them to join the campaign to repeal and replace it.

In October Heartland sent a Research & Commentary on Common Core math standards to elected officials in California, Florida, Georgia, South Dakota, and Wisconsin. We also sent state-specific Research & Commentaries on Common Core to elected officials in Georgia and South Carolina.

In October and November more than 3,500 copies of “Replacing Common Core with Proven Standards of Excellence,” a booklet by David V. Anderson, Ph.D., founder of Asora Education Enterprises, were distributed to state boards of education across the country, Heartland donors and potential donors, and Anderson’s personal and business contacts on education issues.

Senior Fellow Bruno Behrend addressed the Mississippi House Conservative Coalition on education issues on November 18. He laid out the problems with Common Core and discussed the need to expand school choice in the state. On December 9 and 10, Behrend spoke at a two-day symposium on Common Core in Anchorage, Alaska hosted by Alaska state Rep. Lora Reinbold (R-Eagle River) and attended by some 90 people, including the former lieutenant governor of Alaska, Mead Treadwell.

On December 11, Heartland hosted an event in northwest suburban Chicago featuring the authors of the book Common Core: Voices from across the political spectrum expose the realities of Common Core State Standards. More than 50 teachers, elected officials, and parents attended. The speakers explained how the standards have hurt school children of all ages and recommended steps for getting Common Core out of schools.

In December the lead essays of two editions of The Leaflet, our e-newsletter sent to some 10,000 state elected officials and allies, addressed Common Core. According to one: “As more details about Common Core have come to light, ... more than a dozen states have considered withdrawing from Common Core, while some have dropped their involvement with federally funded tests completely.”

In November and December Research Fellow Heather Kays was a frequent guest on The Paul Molloy Show (WTAN-AM in Tampa, Florida) to discuss Common Core and other school reform issues.

Incentives Matter, Rewards Work!

In October copies of Rewards: How to Use Rewards to Help Children Learn – and Why Teachers Don’t Use Them Well.

Promoted extensively on social media and distributed more than 10,000 copies of Rewards: How to Use Rewards to Help Children Learn – and Why Teachers Don’t Use Them Well.

Distributed more than 3,500 copies of “Replacing Common Core with Proven Standards of Excellence.”

Logged 528 personal and 74,162 group contacts, for a total of 74,690 contacts with elected officials on education issues.
Rewards to Help Children Learn – and Why Teachers Don’t Use Them Well, a book by Heartland Institute Chairman Herb Walberg and President Joseph Bast, were sent to book reviewers, conservative columnists, and conservative talk radio and TV show hosts.

Before Thanksgiving, 10,000 copies of the book were distributed to influential audiences across the country, including state and national elected officials, civic and business leaders, and education, psychology, and economics department heads at top teacher colleges.

The book is available online at Amazon.com and is featured prominently in the Heartland store. Five websites have run nine excerpts of the book. Rewards articles and excerpts have been promoted on Facebook to 178 groups with an interest in education, reaching roughly 550,000 unique fans. The Twitter account we use to promote Rewards and other education-related content has grown from 36 followers to 2,783. The account has released more than 425 tweets promoting Rewards and education-related issues.

Expanding Parental Choice in Education
Several victories for school vouchers and other choice programs were recorded in the fourth quarter of 2014. Wisconsin Gov. Scott Walker and Indiana Gov. Mike Pence announced plans to expand their respective school voucher programs, among other education reforms. The North Carolina Supreme Court kept the state’s voucher program open for applications while it considers a case challenging the program’s constitutionality.

Twenty schools in Columbus, Ohio are now eligible to be transformed under the state’s Parent Trigger law. If a majority of parents sign petitions, their schools must be converted into charter schools or other reforms specified by the parents must be implemented.

The number of low-income students served by the Florida tax credit scholarship program reached a new high, with more than 67,800 students enrolled in participating private schools this fall. A Florida judge threw out a lawsuit aimed at blocking the state’s expansion of tax credit scholarships.

Battling Bloat in Schools
In October we sent a Research & Commentary on growth in nonteaching staff in public schools to 1,025 contacts, including elected officials in Indiana, Kentucky, Michigan, Ohio, and Virginia. The commentary explains, “Given the high cost and poor results of our education system, officials at all levels should reconsider whether expenditures on nonteaching staff are the best use of taxpayer funds.”

Kays testified on the topic on November 12 to the Oklahoma State Senate Education Subcommittee on Appropriations. She was interviewed by Oklahoma TV station FOX 25 and was quoted in a story on the Norman Transcript website and in a story by KRMG.com.

In December we sent a Research & Commentary on administrative spending to Kentucky elected officials. According to the commentary, “The number of administrative staff in Kentucky schools grew by 43 percent between 1992 and 2009, despite just a 4 percent increase in students.”
Advocates of consumer-driven health care scored some victories in the fourth quarter and the prospects for positive reform in 2015 improved.

**Gruber Backlash**

Shortly after the November election, video recordings of MIT professor Jonathan Gruber, an architect of Obamacare, were discovered, showing him admitting deception on the part of the Obama administration and congressional Democrats in drumming up support for Obamacare.

Gruber’s comments were widely covered in the press, including by Heartland. Research Fellow Sean Parnell discussed the controversy in a November podcast and in December, *Human Events* published Parnell’s op-ed on the topic. Several issues of the *Consumer Power Report* weekly e-newsletter, written by Senior Fellow Benjamin Domenech, also addressed Gruber’s comments.

**Obamacare Repeal and Replace**

In December, the U.S. Supreme Court announced it would hear oral arguments in *King v. Burwell* on March 4. A decision is likely by the end of June. The challenge, the most serious to the legality of Obamacare moving through the courts, is led by the Competitive Enterprise Institute.

On December 29, Heartland Senior Fellow Peter Ferrara filed on Heartland’s behalf an amicus brief to the U.S. Supreme Court in support of the plaintiffs. Ferrara argues convincingly that the plain language of the Affordable Care Act restricts subsidies only to state insurance exchanges, and further that Court precedent makes it very clear regulatory agencies are not allowed to stretch or change the plain meaning of legislation.

A new *Policy Brief* by Ferrara, “Power to the People: Repealing and Replacing Obamacare,” was released digitally in December to 12,042 donors, allies, and friends; 565 government relations contacts; and 8,041 think tank and Tea Party allies. Ferrara notes “Obamacare can be and must be repealed and replaced by free-market, patient-centered health care reforms.” The key reforms described by Ferrara are a universal health insurance tax credit, block-granting Medicaid to the states, risk pools for the uninsurable, and health savings accounts (HSAs).

Heartland also released two podcasts featuring interviews with the authors of market-oriented replacement plans for Obamacare. On December 11, Jeff Anderson explained the 2017 Project plan, which would...
provide tax credits for all people to purchase health insurance while repealing Obamacare in its entirety. On December 22, Chris Jacobs discussed the Obamacare replacement plan offered by America Next, a pro-market think tank founded by Louisiana Gov. Bobby Jindal.

A December 30 podcast featured John R. Graham of the National Center for Policy Analysis discussing the Obamacare risk corridor provisions repealed in the spending bill Congress passed and President Barack Obama signed in December.

**Medicaid Reform**

Ferrara has taken a leading role in arguing for reform of Medicaid. In October, Heartland released a new *Policy Brief* by Ferrara titled “Liberating the Poor from the Medicaid Ghetto.” The paper was released digitally to 12,163 donors, allies, and friends; 3,770 government relations contacts; 8,554 public relations contacts; and 36,903 media contacts via PRWeb.

In November, the *Pittsburgh Tribune-Review* published an op-ed by Parnell titled “Failure, not success.” He wrote, “The millions of new Americans being signed up for Medicaid are entering what is a failing program, one where finding a doctor who will even see them has become a challenge because so few doctors are accepting new Medicaid patients.”

Heartland also covered Medicaid expansion and reform extensively in *Health Care News*. In the November and December issues, articles reported on Medicaid-related issues in Maine, Michigan, Pennsylvania, and Wisconsin.

We sent *Research & Commentaries* explaining the problems with Medicaid expansion to elected officials in Alaska, Arizona, Michigan, Missouri, Ohio, Tennessee, and Utah and spoke with elected officials in New Hampshire on the issue.

**Single-Payer Fails in Vermont**

Single-payer health care was a major part of Vermont Gov. Peter Shumlin’s election campaign. We sent a *Research & Commentary* on the topic to Vermont legislators, noting, “The program’s creators greatly underestimated the costs of implementing and maintaining a single-payer health insurance system.” Shumlin was expected to explain in December how he would finance the plan. Instead, he pulled the plug, citing the economic devastation that would be caused by raising taxes to pay for it.

Single-payer popped up again a few states over. Parnell appeared twice on WXXI public radio in Rochester, New York to discuss a proposal to implement single-payer health care. He also submitted several letters to the editor and op-eds to New York newspapers.

**Certificate of Need**

Thirty-five states hinder health care competition through certificate of need (CON) laws, which give existing providers the power to prevent potential rivals from entering their markets. Often defended as a way to control costs, CON laws reduce competition, patient choice, and the quality of service. CON laws also raise operating costs by preventing care providers from making optimal investments in equipment and facilities.

In November, we sent a *Research & Commentary* discussing CON reform to more than 1,000 elected officials and allies in Michigan, Missouri, New York, and South Carolina. The *R&C* cited new research explaining, “CON laws give inappropriate influence to competitors during the vetting process. ... Recent studies have shown CON laws fail to achieve many of their stated goals and have instead reduced the availability of health care services.”
Moving the Needle on Tax Reform

Tax reform – from dynamic scoring to estate taxes and more – topped The Heartland Institute’s budget and tax agenda in the fourth quarter, with encouraging results.

Voters in the November midterm elections rewarded Republicans in Congress and reform-minded governors for their leadership on budget and tax issues. Heartland covered the election results in a news release, on the front page of Budget & Tax News, and in a podcast with Cato Institute policy analyst Nicole Kaeding.

On December 11, Heartland issued a news release titled “Heartland Institute Experts Comment on Congress’s Omnibus Spending Bill,” featuring comments by 10 Heartland policy advisors and staff. David Applegate, an attorney and policy advisor, wrote: “Surely this is not what the Framers had in mind, and the taxpayers and the voters of this country deserve much better.”

In October, Heartland Senior Fellow Peter Ferrara met with staff of the Joint Economic Committee of Congress to discuss how tax policies are scored, urging a shift from static scoring to a dynamic system that takes into account a proposed policy’s economic effects. On January 21, 2015, Sen. Rob Portman (R-Ohio) introduced legislation to require dynamic scoring.

On October 13, we sent a Research & Commentary on estate taxes to elected officials in New Jersey. Senior Policy Analyst Matthew Glans explains, “Estate and inheritance taxes ... stifle investment and entrepreneurship, reduce economic growth, discourage savings, increase the cost of capital, raise interest rates, and bring in relatively little revenue.”

Heartland spokespersons also addressed corporate tax reform, income taxes in Wisconsin and Mississippi, wireless taxes, and taxes on Internet access and online sales.

Entitlement and Pension Reform
Heartland continues to speak out about the threat posed by the national debt and the impending crises at the state and municipal levels due to broken entitlement programs and chronic underfunding of public employee pension funds. Unfortunately, progress in confronting these problems has been slow.

In December, policymakers in Maine announced plans to continue to reform the state’s welfare system in 2015, including retracting the state’s request for waivers allowing able-bodied adults to receive welfare benefits without fulfilling work requirements.
After January 1, 2015, healthy adult welfare recipients will be required to work at least 20 hours per week or volunteer for community agencies.

We sent Research & Commentaries on pension reform to Florida and Nevada lawmakers. “To protect both taxpayers and public workers,” Glans wrote, “Nevada should follow the private sector’s lead and start switching workers from defined-benefit pension systems to defined-contribution plans, such as 401(k)s.”

E-Cigarettes and Tobacco Regulations

E-cigarettes continue to grow in popularity as a way to reduce the harms of smoking, but governments threaten to tax and regulate them out of existence. We often wrote and spoke against bans and punitive taxes during the fourth quarter.

In October, Research Fellow Greg Conley spoke to an audience of 200 at the Chattanooga, Tennessee, Vaping Convention Circuit. Three days later, he testified before a committee of the Baltimore City Council, a hearing attended by 60 people, about vapor products and vaping bans.

Conley also testified before the New Mexico Tobacco Settlement Revenue Oversight Committee. He debunked claims made by an earlier speaker who had ignored evidence that supports the use of e-cigarettes by smokers seeking to quit. On October 21, he attended a Food, Drug & Law Institute Conference on tobacco policy, and in November he delivered a presentation to the Task Force on State and Local Taxation of the National Conference of State Legislatures.

In November, Heartland distributed a new Research & Commentary about e-cigarettes and whether they act as a “gateway” to tobacco. On November 20, Washington Times editor Drew Johnson joined Jesse Hathaway, managing editor of Budget & Tax News, on a podcast to discuss the World Health Organization’s Article 6, a proposed global tax aimed at making tobacco products prohibitively expensive.

Heartland’s work on the issue paid off in Washington, Missouri, where the city council agreed to exempt businesses selling e-cigarettes from the city’s ban on indoor smoking.

Hands Off Ridesharing

Using technological advancements unforeseen when regulations were written decades ago, the ridesharing industry connects drivers and passengers without the usual dispatch services used by conventional taxicab and limousine services. Unfortunately, lawmakers are imposing regulations on these innovators at the behest of less-agile incumbent businesses.

In October, the San Francisco Chronicle (circ. 211,777) published an op-ed by Hathaway about Uber, Sidecar, and Lyft, three businesses offering ridesharing services. He wrote, “The only thing from which the [California Public Utilities Commission] is protecting consumers is lower fares and more convenient services.”

Also in October, Austin, Texas overwhelmingly approved a proposal to legalize the operations of ridesharing companies. It rejected proposals to cap the companies’ “surge pricing.” In November, Lyft finalized negotiations allowing it to serve travelers at Denver International Airport. Uber received the same permission in early December.
Government regulators and political activist groups pushing for an “open” Internet have not ceased their efforts to destroy the free-market dynamism that built the modern digital economy. The Federal Communications Commission continues to take comments on its proposed net neutrality mandates and The Heartland Institute is working to counter the influences of those who want government bureaucrats to control the Internet.

Policy Advisor Seton Motley wrote a piece for Somewhat Reasonable titled “If You Like Your Internet, You Can Keep Your Internet and Other Government Lies.” Motley wrote, “President Obama’s Federal Communications Commission (FCC) – and its Obama-appointee Chairman Tom Wheeler – are contemplating fundamentally transforming how the government regulates the Web. It’s called Title II Reclassification. ... Title II regulations date back to the 1930s – so you know they’ll be a perfect fit for the ultra-modern, incredibly dynamic, expanding-like-the-universe World Wide Web.”

Policy Advisor Scott Cleland wrote a piece for the Heartlander titled “Why Waxman’s FCC Internet Utility Regulation Plan Would Be Unlawful.” Cleland wrote, “The D.C. Court of Appeals has twice overturned FCC overreach in broadband regulation in Comcast v. FCC in 2010 and in Verizon v. FCC in 2014. ... [I]f the FCC somehow were to adopt the Waxman double-regulation of the Internet approach, there is a high likelihood the courts would eventually overturn the FCC – yet again.”

In November, Heartland issued a press release titled “Heartland Institute Experts React to President’s Call for Net Neutrality Regulations” sent by email and put into the news feeds of 42,157 reporters and editors across North America. Communications Director Jim Lakely stated in the release, “President Obama doesn’t understand how the Internet works, or how it became a technological wonder and an economic powerhouse. The president’s call for the FCC to apply Title II regulations to broadband would … [apply] nineteenth century regulatory thinking to a twenty-first century technology.”

Also in November, an article at Somewhat Reasonable titled “Net Neutrality and Maintaining a Free and Open Internet” summarized and linked to a presentation by Brent Skorup of the Mercatus Center at George Mason University. The post notes, “To deal with the complex issue of net neutrality,
Skorup says the FCC has several options. ... [He] recommends that engineers, computer scientists and economists should be consulted prior to making any decision on the matter.”

On November 18, Lakely was a guest on Chicago Tonight, the flagship news program on Chicago’s highest-rated PBS station, WTTW. Lakely debated Illinois ACLU Executive Director Colleen K. Connell on net neutrality. He argued that if Obama had been president in 1996, Netflix and Hulu as we know them today wouldn’t exist. Why? Because anyone who thought it was a good idea to stream content directly to consumers – circumventing the bundled-channels model of cable TV and even creating original content – would have had to invest enormous human and monetary capital into convincing FCC it was something consumers wanted.

Cleland wrote an article for the Heartlander digital magazine, “Top Ten Questions to Ask About Title II Utility Regulation of Internet.” He wrote, “If Congress or the media seek incisive oversight/accountability questions to ask the FCC about the real world implications and unintended consequences of its Title II net neutrality plans, here are ten that fit the bill.”

On December 15, an op-ed by Lakely and Senior Policy Analyst Matthew Glans, titled “Obama to the FCC: Go Ahead and Break the Internet,” was published in the Washington Examiner. They wrote, “It is dangerous to think government attempts to ‘improve’ the status quo will do anything of the sort. The Internet is not broken. There is no problem for the FCC to fix.”

The Future of Media Consumption
Fewer and fewer Millennials sign up for the cable packages that previous generations have accepted and largely enjoyed. The new generation of consumers wants everything a la carte – from their phone, to their mobile data, to streaming entertainment content. The future belongs to those in the marketplace who will innovate content delivery and meet those demands.

In October, Research Director S.T. Karnick wrote a piece for the Heartlander that sees into the future of how Americans will consume entertainment, “HBO Streaming Is Good News for All Entertainment Consumers.” Karnick wrote, “[E]ntertainment channel HBO has decided to end its thirty-plus-year dependence on cable and satellite distributors, announcing it will offer an online streaming video service beginning next year. ... HBO will offer the service without a cable subscription in an effort to reach the ten-million-plus broadband-only homes, a category that is increasing steadily.”

Municipal Broadband
Government bureaucrats and political activists insist Americans don’t have enough broadband options among which to choose. Government, they say, must step in and provide municipal broadband as a public utility. Creating municipal broadband networks owned and operated by government is a money pit for taxpayers and a poor choice for consumers.

In November, Glans produced a Research & Commentary sent to thousands of elected officials in Connecticut and other states contemplating municipal broadband schemes. He wrote, “Municipal broadband systems remain a popular idea in many cities, despite their failing track record. ... These programs have a poor record of success, with many suffering cost overruns, service disruptions, debt, and very limited use. Taxpayers are saddled with expensive, underused broadband systems that cost millions to maintain.”
The fourth quarter of 2014 marked a true turning point in the national and international debates on climate change and environmental policy. After years of playing defense, proponents of free-market environmentalism gained the upper hand in a number of arenas.

U.N. Fails ... Twice!
On November 2, the United Nations’ Intergovernmental Panel on Climate Change (IPCC) released its “Synthesis Report,” completing the organization’s Fifth Assessment Report (AR5) on Earth’s climate. The report landed with a thud, thanks in large part to public awareness created by The Heartland Institute that IPCC is hopelessly biased toward alarmism. The mainstream media rushed to administer CPR to its dying pet social movement, but it was too late. Nobody listened.

A month later, the U.N. failed again at its big climate change conference (COP-21) in Lima, Peru. Intended to build momentum for agreement on a new treaty at a major meeting in Paris in December 2015, the Lima meeting was a complete failure with countries failing to agree on caps, enforcement mechanisms, or even how to measure emissions. Heartland Senior Fellow James M. Taylor called it “all talk and no substance. This is what the United Nations does best, all while sending bureaucrats and activists on lovely taxpayer-funded vacations.”

New Leadership in the U.S. Senate
The midterm elections replaced global warming alarmists with realists in offices across the country at both the national and state levels, despite hundreds of millions of dollars spent by radical environmentalists seeking to achieve the opposite result.

The biggest impact will be felt in the U.S. Senate, where committed global warming “skeptics” including Sen. James Inhofe, Sen. Lisa Murkowski, and Sen. Ted Cruz now chair committees overseeing EPA, NOAA, and other bureaucracies that have done so much to undermine climate science and politicize environmental policy.

On January 21, in his first speech on the floor of the senate since returning as chairman of the Senate’s Environment & Public Works Committee, Inhofe (R-OK) used a poster created by The Heartland Institute to drive home the point that the theory of man-made climate change is highly contested. Inhofe poked holes in the arguments of climate alarmists in the Senate who still believe “97–98 percent of scientists agree” about the causes of global warming. “It just isn’t true,” Inhofe said.

The John Coleman Explosion
During the fourth quarter of 2014, millions

### Performance Highlights

- Published three issues of Environment & Climate News, 12 issues of Climate Change Weekly, and three issues of a new e-newsletter, Weather Bulletin.
- Produced eight Research & Commentaries on environment topics.
- Logged 1,465 personal and 110,549 group contacts with elected officials, for a total of 112,014 contacts with legislators on energy and environment issues.
- Generated at least 23 broadcast and 75 print media hits reaching more than 7 million subscribers and 434 online hits.
- Addressed 10 events with audiences totaling at least 887 people.
of people around the world learned the most beloved and respected meteorologist of all time is a confident and convincing global warming “skeptic.”

Heartland Policy Advisor John Coleman is founder of The Weather Channel, a 60-year veteran of television meteorology, and a three-time presenter at Heartland’s international conferences on climate change. On October 20, The Heartland Institute distributed to 7,668 media outlets a letter Coleman had sent to the Hammer Museum at UCLA demanding balance to a climate change presentation by notorious alarmist Michael Mann. The next day, Coleman spent two hours on Coast to Coast AM with George Noory (syndicated on 570 stations) talking about the controversy. In London, The Express (circ. 488,246) and Daily Mail (circ. 1,708,006) reported the story.

On October 27, Coleman was a guest on The Kelly File on the Fox News Channel, watched by 2.1 million people every night. Rush Limbaugh, who is heard on 650 stations, spent time on his October 28 program playing clips of Coleman’s The Kelly File appearance. Hundreds of media hits followed.

On November 2, Brian Stelter, host of CNN’s Reliable Sources program, attempted the usual drive-by ambush of a global warming skeptic, but his guest, Coleman, would have none of that. Speaking forcefully and directly to viewers, Coleman proceeded to mop the floor with Stelter. Video of the interview quickly went viral. You can watch it at https://www.youtube.com/watch?v=YQshyqCLYHo.

Isaac Orr, Heartland’s full-time researcher and spokesperson on fracking and frac sand mining, had an especially busy fourth quarter. His articles defending fracking appeared in the Pittsburgh Tribune-Review, Milwaukee Journal-Sentinel, Crain’s Chicago Business, Human Events, Oil & Gas Monitor, and elsewhere.

Orr also spoke at two events, co-hosted a radio talk show titled Powering America Radio, produced six podcasts, met with state legislators in several states, and visited frac sites and frac sand processing facilities. Orr has started work on a series of Heartland Policy Studies on frac sand we expect to release every few months in 2015.

Isaac Orr was joined in his efforts by Research Fellow Sterling Burnett, Senior Fellows Jay Lehr, James M. Taylor, and Dennis Avery, Policy Advisor Alan Carbua, and Environment & Climate News contributors Bonner Cohen and Kenneth Artz.

Fracking and Frac Sand Mining

Fracking is a long-established safe technology that combined with recent innovations in horizontal drilling has led to a dramatic expansion in U.S. oil and natural gas production. Frac sand mining produces the special kind of sand used to make fracking work. Environmentalists hate fracking and frac sand mining because they make fossil fuels even more affordable, reliable, and likely to last for centuries (assuming we will still need them in the year 2115 or beyond).
Freedom Has a New Home

The Heartland Institute’s new home in Arlington Heights, Illinois delivers everything we need to be effective advocates for individual liberty and limited government today and tomorrow:

- easy access to O’Hare International Airport
- within 30 minutes of more than 20 colleges
- attractive workspace for 45 full-time staff
- 12,000-volume library with space to grow
- meeting space with seating for 120 people
- off-road parking for 68 cars

We are seeking to raise a total of $2 million to cover all the costs associated with purchasing and renovating the building and a three-year maintenance and operations fund.

Your Legacy
How do you wish to be remembered? Would you like others to know of your dedication to preserving freedom?

This capital campaign is an opportunity for you to make a one-time gift or multi-year pledge and have your name, or the name of a loved one or someone you admire, displayed at one of the nation’s leading free-market think tanks. Staff, visiting scholars, guests at events, and others will learn of your commitment and remember your generosity.

Donor recognition opportunities include naming rights to the public meeting space, library, conference room, fitness room, and a donor recognition wall in the main lobby.

Please take a look at the two tables on this page and consider making a generous gift. Contributions are tax-deductible under Section 501(c)(3).

### Naming Rights

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### Donor Recognition Wall

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Advancing Our Mission
Moving to Arlington Heights advances our mission in the following ways:

1. Modern, attractive, and secure office space is large enough to accommodate our growth.
2. Reduces our overhead costs by approximately $10,000 per month.
3. Makes it easier to recruit and retain talented and loyal staff.
4. Helps us recruit board members and increase the number of donors willing to make legacy gifts.
5. Allows us to hold more events with larger attendance, at lower cost.
6. Attracts scholars from nearby colleges and universities and a larger number of interns.
7. Encourages more frequent contacts with donors who visit our office.
8. Benefits staff by being located in a safe neighborhood with good schools nearby and ready access to mass transit.
9. Allows us to expand outreach to high-school students and college students.
10. Boosts our reputation among supporters, allies, and even critics.

Want to Learn More?
Ask for a free prospectus describing our capital campaign and other major gift and donor recognition opportunities. Please contact Gwendalyn Carver, director of development, at 312/377-4000 or gcarver@heartland.org or write to her at The Heartland Institute, One South Wacker Drive, Suite 2740, Chicago, Illinois 60606.
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.
The Tenth International Conference on Climate Change (ICCC-10) will take place on June 11-12, 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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☐ $100 FRIEND Heartland Friends receive Patriot-level benefits and also receive free copies of Heartland Policy Studies.

☐ $250 SUSTAINING Sustaining donors also enjoy a 20 percent discount on all events and are included with our professional staff in monthly conference calls on the hottest issues of the day.

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