



**PRI** PACIFIC  
RESEARCH  
INSTITUTE

ANNUAL REPORT

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## THE CENTER FOR HEALTH CARE

PRI proposes market-based policy reforms that would provide greater access to care, improve quality, and increase affordability. PRI reveals the failure of a single-payer, government-run model for health care, drawing particularly on the dramatic problems with the Canadian system.

## THE CENTER FOR EDUCATION

The Center for Education works to restore to all parents the basic right to choose the best educational opportunities for their children. Through research and grassroots outreach, our scholars advance parental choice in education, high academic standards, charter schools, digital learning, teacher quality, and school finance reform.

## THE CENTER FOR BUSINESS AND ECONOMICS

The Center for Business and Economics examines how the entrepreneurial spirit, the engine of economic growth and opportunity, is stifled by onerous taxes, regulations, and health-care policies. Its scholars recommend comprehensive public-policy reforms that will maintain a robust economy, ensure consumer choice, and spur creativity and innovation.

## THE CENTER FOR THE ENVIRONMENT

The Center for the Environment reveals the dramatic and long-term trend towards a cleaner, healthier environment. It also examines and promotes the essential ingredients for abundant resources and environmental quality—property rights, markets, local action, and private initiative.

## THE CENTER FOR CALIFORNIA REFORM

The Center for California Reform seeks to reinvigorate California's entrepreneurial, self-reliant traditions. It champions solutions in education, business, and the environment that work to advance prosperity and opportunity for all the state's citizens.

## THE LAFFER CENTER AT THE PACIFIC RESEARCH INSTITUTE

Founded in 2012 by Dr. Arthur B. Laffer, the Laffer Center is dedicated to preserving and promoting the core tenets of supply-side economics. The center seeks to be the leading source for supply-side research and thought, including the research and public works of economists of the supply-side movement.



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# MESSAGE FROM THE PRESIDENT

SALLY C. PIPES



In 2014, the Pacific Research Institute marked its 35th anniversary with three major events: the San Francisco Gala Dinner with keynote speaker Brit Hume, the Baroness Thatcher Dinner in Newport Beach with Dr. Charles Krauthammer, and an evening

dinner celebration at San Francisco's Davies Symphony Hall. Sir Antony Fisher—a World War II hero and successful entrepreneur who founded PRI in 1979—would have been proud of our accomplishments during the past three-and-a-half-decades. Sir Antony made it his life's work to establish and nurture think tanks, like PRI, to advance freedom, opportunity, and individual responsibility in the U.S. and around the world.

In 2014 we made significant strides in a number of key policy areas including health care, education, the economy, tax and fiscal policy, and the environment. But it is ultimately through the generosity and steadfast support of you—our donors—that made our achievements possible.

In our Center for Health Care, which I lead, our work involved actively supporting legal challenges to the Affordable Care Act, submitting no less than five amicus briefs to the U.S. Supreme Court, the D.C. Circuit, and the 4th Circuit. Our work has also been recognized on Capitol Hill. In March 2014, I was invited to testify before the U.S. Senate Health, Education, Labor, and Pensions Committee on the issue of controlling health care costs focusing on why a single payer model is not

the solution for achieving affordable, accessible, quality health care for all Americans. The hearing was broadcast on C-SPAN and my remarks were covered in the media in both the U.S. and Canada.

Throughout the year, I continued to champion market-based alternatives to Obamacare through my books, my Forbes.com column, op-eds, media interviews, debates, speeches, and other outreach activities. In 2015, I'll be releasing my new book on Obamacare published by Encounter Books. The book will discuss the impact of Obamacare on our health care system almost six years after its passage, the U.S. Supreme Court's decision in *King v. Burwell* that upheld the subsidies being paid to those enrolled in the federal exchange, and a replacement plan if and when the law is repealed in 2017.

PRI's Center for Education, led by Senior Director and Koret Senior Fellow Lance Izumi, was instrumental in expanding opportunities for online learning in California. Students who attend online virtual charter schools can now continue with their school if they move to a different county in the state. This new law is based on the findings of Lance's 2011 book *Short Circuited: The Challenges Facing the Online Learning Revolution in California*. The law validates the principle that artificial geographic barriers make no sense in an era of digital technology. California State Assemblywoman Shannon Grove (R-Kern County) wrote, "Thanks to your organization and the diligent work of Mr. Izumi, we are slowly but surely breaking down the barriers to the vast possibilities in online learning."

In 2014, Lance authored two studies for the series *Not as Good as You Think: Why Middle-Class Parents Should Be Concerned about Their Local Public Schools*. The studies evaluated the performance of Illinois and Texas middle class schools and encouraged parents to support school choice. In 2015, the series continues with studies in Michigan, Colorado, and New Jersey.

At the Laffer Center, Dr. Arthur Laffer and his team are developing a private, dynamic scoring model. For decades, economists have urged the Federal government to modernize its methodology so that lawmakers have more realistic cost estimates when considering legislation. The Center is creating the Laffer dynamic scoring model to counter the decades-long flawed method that has contributed to poor policy decisions. The Laffer Center also published *The Pillars of Reaganomics*, edited by historian Dr. Brian Domitrovic, which draws from the wealth of classic supply-side essays from Warren Brookes, George Gilder, and Dr. Laffer himself. These timeless essays provide ideas for solving the economic problems we are facing today. Dr. Laffer is also in demand by the media—with some three dozen op-eds published and 60 television appearances.

PRI's Center for the Environment released in September 2014 the first *50-State Index of Energy Regulation* that ranks the states based on the impact of regulations and taxes on the cost of energy. Authored by PRI Senior Fellows Dr. Wayne Winegarden, and Dr. Marc A. Miles, the *Index* measures the regulatory climate for energy consumption, production, distribution, and economic efficiency. PRI also released *Hysteria's History*, a series of short videos featuring PRI Senior Fellows Dr. Amy

Kaleita, Dr. Steven Hayward, and other free-market environmental scholars. The films consider the disastrous implications of policy decisions inspired by popular hysteria in recent history. The videos helped increase our facebook likes by nearly 5,000.

PRI's Center for Business and Economics released *Going Broke One City at a Time: Municipal Bankruptcies in America*, a study by Dr. Winegarden that reviews the bankruptcy (or near-bankruptcy) of several cities including Vallejo, California and Detroit, Michigan. Also by Dr. Winegarden is *The Seven Lean Years*, which evaluates the impact of Prop. 30, the “millionaire’s tax” on Californians. The study shows how Proposition 30 has contributed to the slowdown in California’s employment growth and increased the pressure on businesses and individuals to move to other states. Under the new Center for California Reform, we’re developing a 12-point California Prosperity Agenda to turn around the state. These reforms, which include tax policy, water policy, pension reform, education, and energy, will be unveiled in late 2015.

In our 35th year, I am proud of our groundbreaking research and our contributions to market-based solutions to benefit California and our nation. I invite you to review this report’s timeline and the pivotal moments in PRI’s history. At this milestone, we are tremendously grateful to the supporters who have made our work possible. Thank you for allowing us to continue our work as “policy entrepreneurs putting ideas into action.”

# PACIFIC RESEARCH INSTITUTE

## 1979–2014

The Pacific Research Institute champions freedom, opportunity, and personal responsibility by advancing free-market policy solutions to the issues that impact the daily lives of all Americans. PRI believes that these principles are best encouraged through policies that emphasize a free economy, private initiative, and limited government. By focusing on public policy issues such as health care, education, regulation, economic growth, the environment, innovation, and entrepreneurship, the Institute strives to advance the principles of a free society among leaders in government, academia, the media, the business community, and the public. PRI fills a critical role in the public debate because of California's influence as a national trendsetter. Its "outside the beltway" independence enables PRI to anticipate developing issues before they reach national prominence, and to lead the way in confronting future threats to liberty.

Founded in 1979 and based in San Francisco with an office in Sacramento, PRI is a non-profit, non-partisan think tank supported by private contributions. Through its six research centers, PRI publishes books and studies, provides media commentary, invited legislative testimony, amicus briefs, public events, and conducts comprehensive grassroots and community outreach.



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## 1979

The Pacific Research Institute (PRI), founded by Sir Antony Fisher, opens its doors in San Francisco, California.





## 1981

PRI hosts its first annual dinner honoring economist Friedrich Hayek for his contribution to freedom and liberty.

## 1990

PRI publishes *Free Market Environmentalism* which gained widespread acclaim.



## 1984

Nobel Prize-winning economist Milton Friedman is honored at PRI's annual dinner.



## 1993

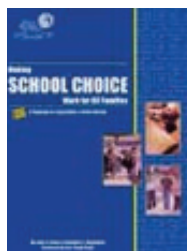
California becomes the second state to enact charter school legislation, a vision that PRI's Education Studies program promoted.

*PRI is one of the more innovative and effective think tanks in the world.*



## 1995

PRI health care experts—headed by President Sally Pipes—play a key role in defeating California's Proposition 186, the single-payer health care initiative.



## 2002

In June, PRI takes an Oakland delegation, led by Mayor Jerry Brown, to Milwaukee to see first hand the results of school choice.



## 1999

PRI celebrates its 20th anniversary, hosting former Prime Minister Margaret Thatcher as keynote speaker.

## 2005

PRI releases *Free to Learn: Lessons from Model Charter Schools*, by Lance Izumi. The book later becomes a blueprint for rebuilding charter schools in New Orleans after Hurricane Katrina.



## 2001

Dr. Henry Kissinger, former U.S. Secretary of State, speaks at PRI's Gala Dinner.



## 1996

PRI releases the first *Index of Leading Environmental Indicators: 1996 Report*, which becomes one of PRI's flagship publications.

## 2004

PRI releases Sally Pipes's first book, *Miracle Cure: How to Solve America's Health Care Crisis and Why Canada Isn't the Answer*.





*Nothing is so permanent as a temporary government program.*

## 2008

In response to the findings of *Not as Good as You Think* in the fall of 2007, more school choice legislation is introduced in 2008 than at any point in California history.



## 2007

PRI publishes *Not As Good As You Think: Why the Middle Class Needs School Choice*



## 2010

PRI publishes the first edition of *Short-Circuited: The Challenges Facing the Online Learning Revolution in California*.



## 2007

PRI releases the Environmental documentary film, *An Inconvenient Truth or Convenient Fiction?*



## 2009

PRI releases its second documentary film, *Not as Good as You Think: The Myth of the Middle Class School*. The film airs on PBS in Orange County.



## 2008

PRI releases Sally C. Pipes's second book, *The Top Ten Myths of American Health Care: A Citizen's Guide*.



## 2010

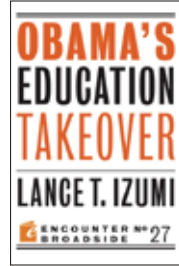
Sally Pipes releases the book *The Truth About Obamacare*. (Regnery)





## 2012

PRI establishes  
The Laffer Center at PRI.



## 2012

Lance Izumi, Senior  
Director of PRI's Center  
for Education, releases  
his book on Obama's  
Common Core.  
(Encounter Books)



## 2012

PRI sponsors the  
Friedman Legacy  
for Freedom Day,  
celebrating Milton  
Friedman.



## 2013

PRI hosts the  
First Annual  
Margaret Thatcher  
Dinner in Orange  
County, featuring  
Steve Forbes.

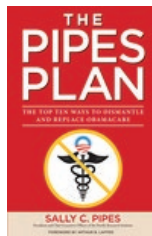
## 2012

PRI publishes  
*Eureka, How to  
Fix California*  
by Dr. Laffer.



## 2011

Sally Pipes releases  
*The Pipes Plan—A  
Plan to Replace  
Obamacare.*  
(Regnery 2011)



## 2012

Columnist George  
Will is the keynote  
speaker at PRI's  
Annual Gala.



*Governments never learn. Only people learn.*



## 2013

PRI releases study on Sal Khan and his Khan Academy.

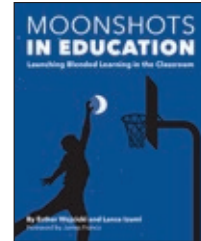


## 2014

PRI extends *Not as Good As You Think* Series to Illinois and Texas.

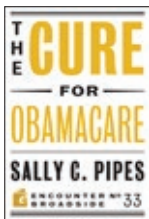
## 2013

Dr. Charles Krauthammer is the keynote speaker at PRI's Annual Gala.



## 2014

PRI publishes *Moonshots in Education* by Esther Wojcicki and Lance Izumi, a book examining blended learning in the classroom. The foreword was written by actor James Franco.



## 2013

Sally Pipes releases *The Cure for Obamacare*. (Encounter Books)

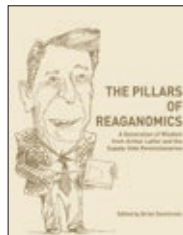


## 2014

PRI releases the first 50-State Index of Energy Regulation.

## 2014

PRI releases the book *Reaganomics: A Generation of Wisdom from Supply-Side Revolutionaries*



## 2014

PRI forms the California Reform Committee to launch new initiatives to bring about free-market reforms in California.



# 2014 IMPACT BY THE NUMBERS

**13**

STUDIES

**200 OP-EDS**

PUBLISHED ACROSS THE COUNTRY

**20**

EVENTS  
WITH OVER

**1500**

ATTENDEES

**5**

AMICUS BRIEFS

**200**

CITATIONS

**70**

TV INTERVIEWS

**\$7.21**

MILLION IN REVENUE

**3**

BOOKS

**40**

RADIO  
INTERVIEWS

**1000**

FINANCIAL  
CONTRIBUTORS

**2**

VIDEOS

**49,500**

VISITORS TO  
[WWW.PACIFICRESEARCH.ORG](http://WWW.PACIFICRESEARCH.ORG)

# DEVELOPMENT

In 2014, PRI was fortunate to have the continued support of a very committed group of contributors, many of whom have generously given to the Institute for many years. Donations from individuals, foundations, and corporations allow PRI to advance its mission, ensuring that policymakers, the media, and the public are armed with timely, accurate research on key policy issues that affect each of us, every day.

In addition to receiving in-depth studies, books, and other publications, PRI donors are the very first to receive invitations to events with engaging speakers such as George Will, Victor Davis Hanson, Stephen Moore, Steve Forbes, Dr. Arthur B. Laffer, and Justice Antonin Scalia, to name a few. PRI events, including our annual Sir Antony Fisher Gala in San Francisco and Baroness Thatcher Dinner in Orange County, provide excellent opportunities to interact with other like-minded supporters.

Keeping in touch with supporters is an important part of PRI's work. The Institute recently launched a major outreach and fundraising initiative for the new California Prosperity Agenda—a 12-point plan for common sense policy reform. PRI plans to engage its donors even further with the creation of PRI's Sir Antony Fisher Freedom Society—a new membership club. Supporters will receive a variety of benefits for their tax-deductible contribution of \$1,000 or more, including complimentary admission to PRI luncheons and invitations to exclusive events.

PRI also encourages donors to support PRI through planned giving, including estate gifts and appreciated stock.

PRI remains enormously grateful to donors for their time, commitment to PRI's work, and their financial support. PRI also thanks the Board of Directors for providing invaluable advice and guidance as PRI's Development Department expands its capacity by embarking on a multi-year strategic fundraising plan with specific goals to increase revenue and expand PRI's individual donor base.

Thanks to our donors continued support, PRI will be able to redouble its efforts to promote free-market policies that will lead to a stronger and freer America.

# FINANCIALS

## REVENUE 2014

Foundations	\$3,938,963
Corporations	279,725
Individuals	2,845,287
Program Revenue	141,287
Investment Income	7,548
<b>TOTAL</b>	<b>7,212,810</b>

## EXPENSES

Program	\$2,600,286
General Administration	448,280
Development	899,027
<b>TOTAL</b>	<b>3,947,593</b>

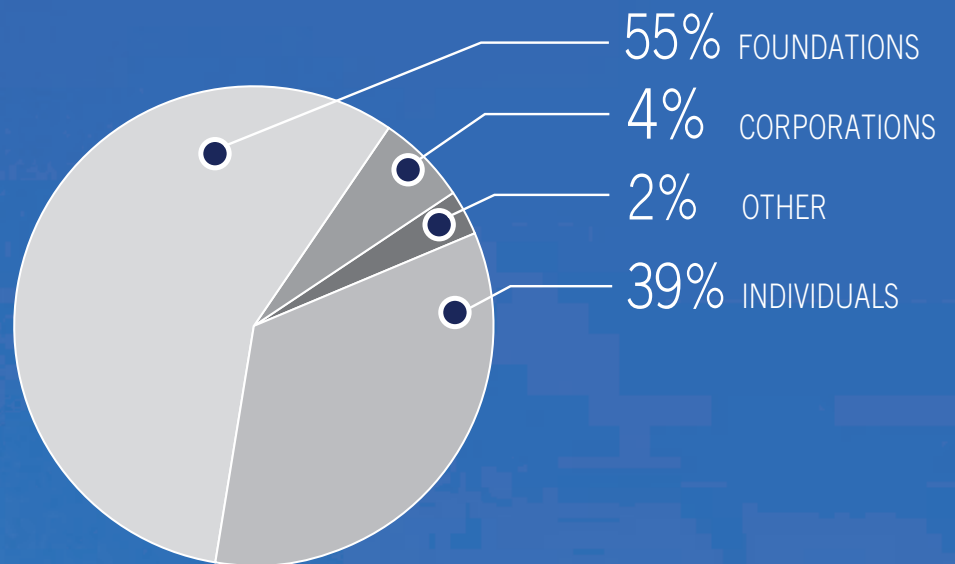
## ASSETS & LIABILITIES

Cash & Equivalents	\$8,001,113
Net Fixed Assets	127,844
Other Assets	3,305,457
Liabilities	201,177
<b>Net Assets</b>	<b>11,233,237</b>

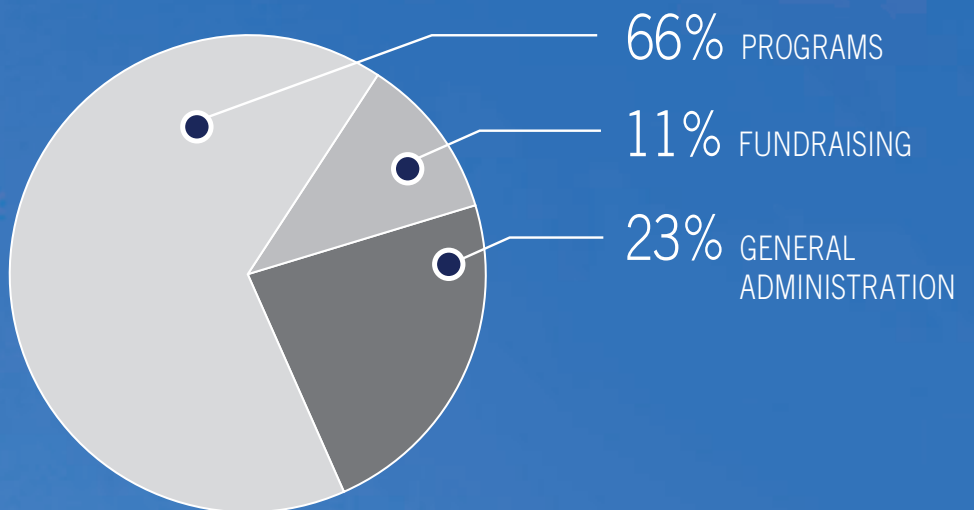


Total Operating Budget  
**4,580,000**

### REVENUE BY SOURCE



### EXPENSES AS A PERCENT OF TOTAL SPENDING



# 2014 EVENTS

## January

Terms of Engagement: How Our Courts Should Enforce the Constitution's Priorities of Limited Government  
Luncheon with Clark Neily  
Institute for Justice  
San Francisco

## March

Give me liberty or give me debt!  
Luncheon with Deroy Murdoch,  
FOX News Contributor  
San Francisco

Annual Baroness Thatcher Dinner  
Keynote Speaker:  
Dr. Charles Krauthammer  
Newport Beach

## May

Luncheon with  
Ambassador John Bolton  
Newport Beach

## June

PRI 35th Anniversary Dinner  
A Fantasia Evening  
Davies Symphony Hall  
San Francisco

## July

Inventing Freedom  
Luncheon with Daniel Hannan,  
Member of the European Parliament  
San Francisco

## September

Screening of Atlas Shrugged III  
San Francisco, Newport Beach

## September

Building Up a Movement to  
Tear Down the Berlin Walls of Today  
Luncheon with Gary Kasparov, Atlas  
Templeton Leadership Fellow  
San Francisco

## October

The U.S. Economy with  
Dr. Arthur Laffer,  
"Father of Supply-Side Economics"  
San Francisco, Los Angeles,  
Newport Beach, San Diego,  
and Santa Barbara

## October

Unaccountable Government in Action  
Breakfast and Panel with  
Chris Cox, former Member of Congress  
and former Chair of the U.S.  
Securities & Exchange Commission;  
Daniel Gallagher, Commissioner of  
the SEC and Paul Atkins, former  
Commissioner of the SEC  
San Francisco, Newport Beach

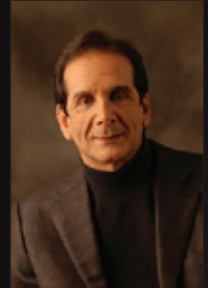
## November

PRI 35th Anniversary Dinner  
Keynote Speaker: Brit Hume,  
FOX Senior Political Analyst  
San Francisco

## December

Luncheon with Stephen Moore,  
Distinguished Visiting Fellow,  
Heritage Foundation  
San Francisco







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Senior Fellow, Business and Economics Studies

*The only way that has ever been discovered to have a lot of people cooperate together voluntarily is through the free market. And that's why it's so essential to preserving individual freedom.*

*—Milton Friedman*



[www.pacificresearch.org](http://www.pacificresearch.org)