





LETTER FROM THE PRESIDENT

As I look back on PRI's work in 2017, I'm proud of the groundbreaking and timely work produced this year by our scholars, driven by a once-in-a-generation opportunity to make fundamental change in Washington.

Donald Trump's inauguration as President, coupled with a Republican Congress, provided an opening to end Obamacare, fix a broken tax system, expand school choice, and give Americans more personal liberty. While efforts to "drain the swamp" proved more elusive than imagined, many free-market reforms were enacted this year.

Meanwhile, California opposed the Trump Administration at every turn. An energized liberal supermajority in the California Legislature flexed its muscles, to the detriment of taxpayers, small business owners, and parents.

PRI's leadership is especially important during these times of opportunity, yet uncertainty.

2017 YEAR IN REVIEW

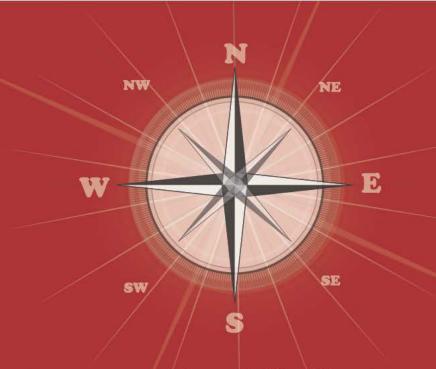
PRI's Center for Health Care was a prominent voice against Obamacare and single-payer health care in 2017.

Through my TV and radio interviews, regular columns in *Forbes.com*, the *Washington Examiner* and *Investor's Business Daily*, and more than 200 op-eds, I worked tirelessly to educate the American people about the dangers of a totally government-run health care system.

While efforts to repeal and replace Obamacare fell short in 2017, Obamacare's individual mandates were repealed in the new tax reform law effective January 2019. The Trump Administration also used executive action to chip away at Obamacare, such as eliminating the illegal cost-sharing reduction subsidies to insurance companies, allowing short-term plans to be in place for almost one year instead of three months under Obamacare, and promoting Association Health Plans so small employers can group together to get better, cheaper plans.

Single-payer health care took center stage in California, with the push to enact Senate Bill 562. In June, I had an op-ed published on this bill in the *Wall Street Journal*, and I debated Senate President Pro Tem Kevin de León at Southern California Public Radio's annual conference in Los Angeles. As single-payer becomes a top issue in the 2018 and 2020 elections, I will continue to fight the complete government takeover of our health care every step of the way.

PRI's Center for Education, led by Koret Senior Fellow and Senior Director of Education Studies Lance Izumi, had another influential year. In July, PRI published Lance's new book, *The Corrupt Classroom: Bias, Indoctrination, Violence, and Social Engineering Show Why America Needs School Choice*, exploring the non-academic reasons for expanded school choice options. The book reached #3 in Amazon.com's Policy and Politics section. In July, Lance met with Education Secretary Betsy DeVos in Washington, DC, to discuss his recommendations for federal education reforms.



The Center for California Reform continued to promote the *California Prosperity Agenda*, a set of free-market reforms aimed at dealing with the Golden State's major problems. In March, PRI released *Unaffordable*, a policy brief on California's housing crisis written by Senior Fellow Kerry Jackson. Ben Metcalf, Gov. Brown's Director of the Department of Housing and Community Development, praised the brief at a PRI panel discussion in April.

PRI's Sacramento Office expanded its work in 2017, holding four major events – including a February legislative day, and a November event on prescription drug pricing featuring Dr. and former U.S. Senator Tom Coburn of the Manhattan Institute and myself.

PRI also revamped its website (www.pacificresearch. org) and launched new regular California content – a weekly podcast featuring interviews with legislators, scholars, and newsmakers; and the new "Right by the Bay" blog with daily commentary by PRI scholars.

The Center for Business & Economics released the first four parts of a multi-part study called, *Beyond the New Normal: Establishing a Pro-Growth Economic Policy Environment.* The study, by PRI Senior Fellow Dr. Wayne Winegarden, makes the case that strong annual growth rates can return to the U.S. if Washington adopts the right economic policies.

PRI's Center for the Environment continued to promote its 2016 national study, *The Clean Power Plan's*

Economic Impact, also written by Wayne Winegarden. The study explores how the Obama Administration's clean power mandates would increase energy poverty nationwide. In a major victory, the Trump Administration repealed this policy in March 2017.

PRI also expanded its work on California technology and innovation issues in 2017, publishing commentaries on the sharing economy, cyber security, privacy, and net neutrality.

Finally, PRI's Young Leaders Circle (YLC) inspired the next generation to take up the cause of freedom and liberty. At monthly events in San Francisco, YLC's growing membership heard from dynamic speakers like Guy Benson of Fox News and Town-Hall.com, Fox News host Steve Hilton, Joe Quirk of the Seasteading Institute, and David Crane of Govern for California.

2017 was both a productive and challenging year for PRI. Now more than ever, PRI's ideas and energy are needed to end the status quo and enact free-market reforms in Washington and Sacramento. Thanks to your generosity, PRI will continue to stand as a free-market beacon, inspiring much-needed change to liberate our economy and give Americans more freedom.

President and CEO of PRI and Thomas W. Smith Fellow in Health Care Policy

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GENTER FOR HEALTH CAR 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 problems with the Canadian system.

PUBLICATIONS

Issue Brief: Oregon Proposal to Regulate Excess Costs Is Price Controls By Another Name, by Wayne Winegarden, Ph.D., March 1, 2017

Issue Brief: Nevada Proposal to Regulate Excess Costs Are Price Controls By Another Name, by Wayne Winegarden, Ph.D., April 24, 2017

"U.S. Pharmaceutical Pricing in Context: A Comparison of U.S. Pharmaceutical Trends to U.S. Health Care Trends, and Pharmaceutical Trends in Major OECD Countries," by Wayne Winegarden, Ph.D., April 25, 2017.

"The Economic Costs of Pharmacy Benefit Managers: A Review of the Literature," by Wayne Winegarden, Ph.D., May 8, 2017

IMPACT

Sally Pipes gave a presentation on single-payer health care to the U.S. Senate Republican Policy Committee. She debated California's leading proponent of single-payer, Senator Kevin de León, and communications director for Governor Brown's Department of Finance, H.D. Palmer at a Southern California Public Radio event. She also spoke at the *National Review* transatlantic crossing, the national conference of the Network of Enlightened Women, and gave speeches or participated in debates at the USC Keck School of Medicine, Pepperdine University, Ohio State University, and Ohio University.

Wayne Winegarden, senior fellow in Business & Economics, wrote a number of studies on pharmaceutical pricing. PRI also released a new video on the economic impact of pharmacy benefit managers, a complex but important issue to consumers.



GENTER FOR BUSINESS & ECONOMICS The Center for Business & 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.

PUBLICATIONS

Beyond the New Normal: Part 1, Overview of the Research Program, by Wayne Winegarden, Ph.D. and Niles Chura, January 2017

Beyond the New Normal: Part 2, Accounting for Government, by Wayne Winegarden, Ph.D. and Niles Chura, February 2017

Beyond the New Normal: Part 3, Measuring Economic Growth, by Wayne Winegarden, Ph.D. and Niles Chura, March 2017

Beyond the New Normal: Part 4, Policy Mix Theory and Historical Evidence, by Wayne Winegarden, Ph.D. and Niles Chura, April 2017

Beyond the New Normal: Part 4, Addendum, by Wayne Winegarden, Ph.D. and Niles Chura, April 2017

IMPACT

Senior Fellow Wayne Winegarden promoted his Beyond the New Normal series with a series of op-eds and meetings in the U.S. Congress. PRI also put particular emphasis on technology, writing commentaries and op-eds on the sharing economy, cyber security, privacy, net neutrality, and other key issues facing California's tech industry.



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.

PUBLICATIONS

The Corrupt Classroom: Bias, Indoctrination, Violence, and Social Engineering Show Why America Needs School Choice by Lance Izumi, June 2017.

Animated video on *The Corrupt Classroom*, July 2017.

IMPACT

Lance Izumi, Koret Senior Fellow in Education and Senior Director of PRI's Center for Education, published his latest book, The Corrupt Classroom, on the non-academic reasons for school choice in June. As part of his book promotion, he released an animated video promoting the book's highlights, was a guest on "Fox and Friends" on the Fox News Channel, gave a nationally-televised speech that was broadcast on C-Span, and appeared on dozens of radio programs nationwide.

In July, Lance met with Education Secretary Betsy DeVos at her offices in Washington, DC. He presented her with a copy of The Corrupt Classroom and discussed his recommendations for federal education reforms at the U.S. Department of Education.

As part of National School Choice Week in January, Lance recorded a web video on school choice with Sen. Ted Gaines at the State Capitol in Sacramento and spoke at a public charter school choice fair at NOVA Academy Early College High School in Santa Ana.



GENTER FOR THE ENVIRONMEN 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.

IMPACT

Senior fellow Dr. Wayne Winegaden and California fellow Kerry Jackson wrote and discussed environmental and energy issues, with a special emphasis on California's gas tax, the California Environmental Quality Act, cap and trade issues, and climate change.

OP-EDS

"Congress Takes an Important Step to Prevent Future Droughts" Fox and Hounds, Kerry Jackson, August 8, 2017

"Is Cap-and-Trade Really a Free-Market Solution to Climate Change?" Fox and Hounds, Kerry Jackson, July 21, 2017

"Unless Legislature Embraces Free-Market Energy Future, California Faces Next Solyndra" Orange County Register, Kerry Jackson, July 14, 2017

"On Standing Rock, Politics Trumped Facts and Laws" Forbes.com, Dean McGrath, January 12, 2017



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 residents.

Unaffordable: How Government Made California's Housing Shortage a Crisis and How Free Market Ideas Can Restore Affordability and Supply by Kerry Jackson, March 2017

Capital Ideas, two-page issue briefs on California policy, released monthly

Right by the Bay blog, daily commentaries on California issues by PRI scholars, launched July 2017

Assemblyman James Gallagher, R-Yuba City, on the Oroville Dam emergency and California's water crisis, July 2017

Assemblyman Matthew Harper, R-Huntington Beach, on legislation to undermine fair elections in California, August 2017

Dorothy Rothrock, President of California Manufacturing and Technology Association, on how we can bring back California manufacturing jobs, October 2017

PRI Senior Fellow Kerry Jackson published his first "California Ideas in Action" issue brief in March on California's housing crisis, entitled Unaffordable. The brief was the subject of a well-attended Sacramento panel discussion in April, moderated by Jackson. One of the panelists was Gov. Brown's director of the Department of Housing and Community Development, Ben Metcalf.

WOODLAND SACRAM

FRANCISCO

PALO ALTO

In his regular op-eds and "Capital Ideas" columns, Jackson wrote extensively on pension reform, cap-andtrade, climate change, California's water future, bail reform legislation, rent control, private property rights, the state budget, and the Calexit movement.

PRI expanded its outreach to the State Capitol community in 2017, holding four major Sacramento events, including a "PRI Legislative Day" at the State Capitol in February – featuring meetings with state lawmakers briefing them on PRI's work on California issues.

In 2017, PRI launched two new initiatives on California issues – a weekly podcast featuring interviews with elected officials, insiders, journalists, and scholars; and a new daily blog featuring commentary with PRI scholars on California issues, called Right by the Bay.

PRI CALIFORNIA REFORM MEDIA REACH



21 PODCASTS

54 BLOG POSTS

12
RADIO & TV
INTERVIEWS

113 OP-EDS

274
MEDIA CLIPS

DEVELOPMENT When I w

When I want to know what the best minds in free-market policy are thinking on issues like health care, education, and the regulatory state, I often turn to Sally Pipes and her team of experts at the Pacific Research Institute.

That's what Stephen Moore, founder of Club for Growth and esteemed scholar, author and speaker, had to say about PRI earlier this year. And he's far from alone. Over our 39-year history, PRI has earned its status as a trusted resource among legislators, scholars, and other influencers. When these people need common-sense, free-market public policy solutions, they turn to PRI.

When PRI aims to strengthen and enhance the impact of our work, we turn to you, our loyal friends and supporters. You are behind PRI's cutting-edge research, our effective communications strategies, and our legislative outreach. When our scholars and leadership meet with key policymakers, representatives, and government officials to effect real, positive reforms, they have you to thank. From all of us at the Pacific Research Institute, thank you.

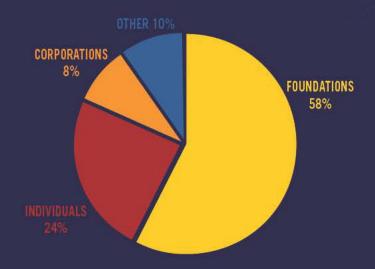
We would like to extend special gratitude to the members of PRI's Sir Antony Fisher Freedom Society. Established in 2015, this Society recognizes those supporters who have contributed \$1,000 or more annually towards PRI's work. We are pleased to report that the ranks of the Society continue to grow, with nearly 50 new members joining in 2017. These members enjoy a variety of benefits based on their level of support, including regular conference calls with PRI scholars and leadership, discounted admission to PRI events, and much more. We look forward to seeing many new faces in this tight-knit community this year.

In 2017, PRI was pleased to welcome 480 new supporters into our broad and diverse base of contributors. We were also delighted to welcome more than 1,000 individuals to PRI events.

The generosity of supporters like you creates a responsibility for our part to demonstrate the impact that your generosity has had in support of PRI's core mission. Consider this Annual Report one gesture toward that end. We hope you have also received our regular updates, across a variety of media, containing snapshots of our vital work. We want to show you—our friends and supporters—just how impactful your contributions truly are.

As 2018—our 40th anniversary year—fast approaches, it is time for the Institute to undertake another strategic planning effort. It is a testament to PRI's execution of its last strategic plan, developed in 2015, that the time has come to develop another one. With our capable Board of Directors at the helm, we are confident that this effort will project even greater growth, and an even more robust impact, over the next three years. Thank you for your steadfast support of our work to this point. Let's continue to stand together as PRI continues to champion freedom, opportunity, and personal responsibility for all individuals by advancing free-market policy solutions.

REVENUE BY SOURCE

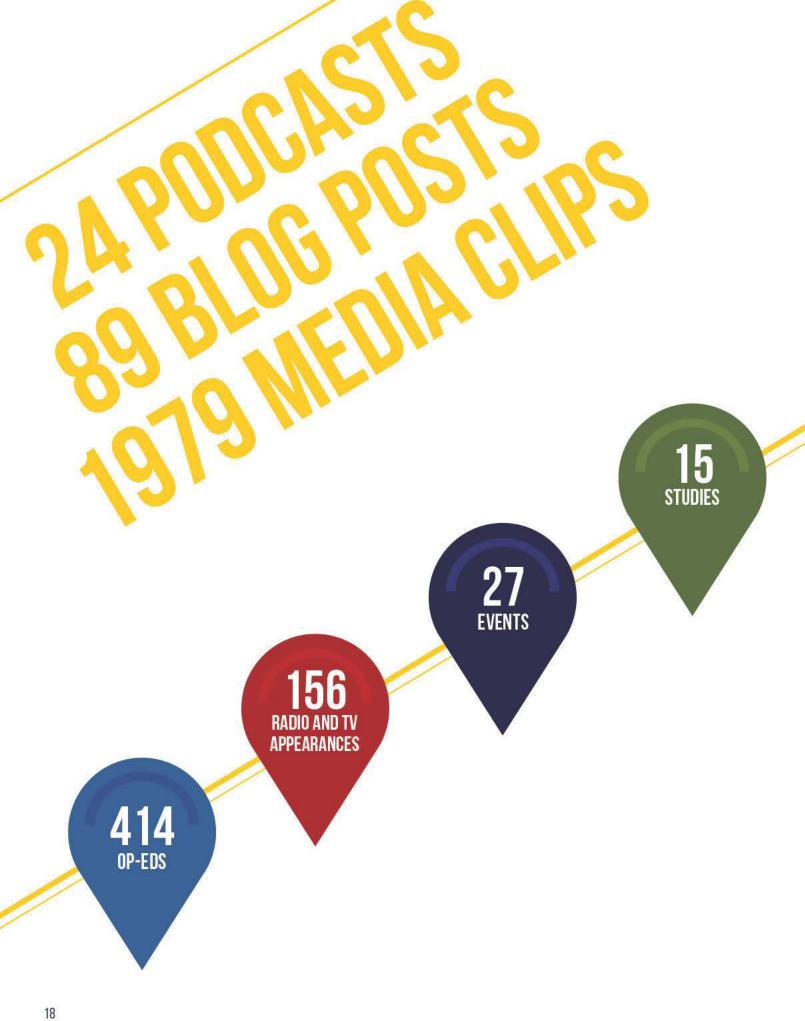


ASSETS & LIABILITIES

Cash & Equivalents	\$5,997,915
Investments	\$7,017,347
Net Fixed Assets	\$49,548
Other Assets	\$456,948
Liabilities	\$181,031
Net Assets	\$13,323,098

TOTAL REVENUE \$5,220,363
TOTAL EXPENSES \$6,633,447*

^{*}In 2017, the Laffer Center at PRI became a separate non-profit organization under section 501(c)(3) of the Internal Revenue Code. In July 2017, PRI transferred all the remaining temporarily restricted net assets restricted for this program to the new organization.



TOP 5 MOST LISTENED TO PODCASTS

David Crane, "California's Public Pension Crowd Out." October 30, 2017

Micahel Ramirez, "The Art of Political Cartooning," Decmber 5, 2017

John Tamny, "America's Economic Future", November 14, 2017

Clark Judge, "President Trump and his Communications Style." November 6, 2017

Kerry Jackson, PRI Fellow on California Reform,

"Will Sacramento Finally Address California's Housing Crisis," August 28, 2017

TOP 5 MOST READ BLOGS

"Is State's Plastic Bag Ban Causing Rise in Hepatitis Cases?" By Ben Smithwick, September 28

"Gov. Brown's Rolling Stone Interview is a Must-Read" By Kerry Jackson, October 12

"If You Think US Politics Is Wild, Check Out Australia and New Zealand" By Tim Anaya, November 10

"Legislature Serves Up Bad Recipe for Innovation Economy" By Tim Anaya, September 13

"The Political Aftermath of California's Wildfires" By Kerry Jackson, October 20

JANUARY 2017

The Way Out of Obamacare Luncheon and Book Signing with Sally Pipes Santa Barbara, California

Disruption: Innovation vs. Incumbents with Katie Biber PRI's Young Leaders Circle San Francisco, California

Passing on the Right: Conservative Professors in the Progressive Universities featuring Jon Shields, PhD and moderated by Dean Pete Peterson of Pepperdine University San Francisco, California

FEBRUARY 2017

The Watergate: Inside America's Most Famous Address Reception with Joe Rodota PRI's Young Leaders Circle San Francisco, California

PRI Legislative Reception Sacramento, California

MARCH 2017

Bottleneckers: Gaming the Government for Power & Private Profit Reception with Dick Carpenter, PhD of the Institute for Justice San Francisco, California

APRIL 2017

Tech's Role in Our Ever Evolving Education Ecosystem Panel Discussion with Lance Izumi, PRI Senior Director Education Studies PRI's Young Leaders Circle San Francisco, California "Unaffordable" Panel discussion on California's housing crisis at the State Capitol Speakers:

- Moderator: PRI's Kerry Jackson
- California Department of Housing and Community Development director Ben Metcalf
- Former homebuilding industry lobbyist Tim Coyle
- San Francisco-based land-use attorney and YLC Member Ryan Patterson

Sacramento, California

MAY 2017

PRI Annual Baroness Thatcher Dinner Keynote Speaker: Rudy Giuliani Laguna Niguel, California

Silencing Tactics: Political Correctness in the Age of Trump Reception with Guy Benson of Townhall.com PRI's Young Leaders Circle San Francisco, California

AUGUST 2017

What Trump is Doing to Rebuild the American Economy Reception with Stephen Moore of the Heritage Foundation San Francisco, California

The Corrupt Classroom

Book launch with Lance Izumi
Sacramento, California

SEPTEMBER 2017

4th Annual Villa Taverna Dinner Keynote Speaker: Victor Davis Hanson San Francisco, California Exploring California's Housing Future Panelists:

- Ryan J. Patterson-Shareholder, Zacks, Freedman & Patterson, Member, YLC
- Sonja Trauss- Executive Director, CA Renters Legal Advocacy & Education Fund, Candidate for Supervisor in District 6, San Francisco
- Moderator: Josh York, PRI's Young Leaders Circle
 San Francisco, California

OCTOBER 2017

California's Public Pension Time Bomb Reception with David Crane PRI's Young Leaders Circle San Francisco, California

NOVEMBER 2017

PRI's Annual Sir Antony Fisher Gala Dinner Keynote Speaker: Peter Thiel San Francisco, California

California's Drug Pricing Challenge Joint event with Manhattan Institute Speakers:

- Sen. Tom Coburn (Ret), Manhattan Institute
- Sally C. Pipes, PRI President
- Brett Johnson, CA Life Sciences Association
- Marcey Brightwell, Brightwell Strategies (Moderator)

Sacramento, California

DECEMBER 2017

A 2018 Election Preview

- Moderator: Josh York
- San Francisco GOP Chair
- Jason Clark
- United Democratic Club member Martin Yeung

PRI's Young Leaders Circle San Francisco, California



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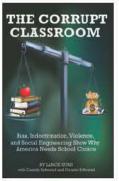
Kerry Jackson Fellow, Center for California Reform

Arthur B. Laffer, Ph.D. Founder, The Laffer Center at PRI

Wayne Winegarden, Ph.D. Senior Fellow, Center for Business & Economics



To find out the latest on policy initiatives and upcoming events, visit www.pacificresearch.org and sign up for our newsletter.



The Corrupt Classroom by Lance Izumi with Cassidy Syftestad and Christie Syftestad



Impact Magazine by Pacific Research Institute



Unaffordable: How Government Made California's Housing Shortage a Crisis and How Free Market Ideas Can Restore Affordability and Supply by Kerry Jackson



Beyond the New Normal #1: Overview of the Research Program by Wayne Winegarden and Niles Chura



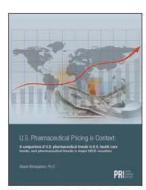
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Beyond the New Normal #3: Measuring Economic Growth by Wayne Winegarden and Niles Chura



Policy Mix Theory and Historical Evidence by Wayne Winegarden and Niles Chura



US Pharmaceutical Pricing in Context: A comparison of US Pharmaceutical Trends to US Health Care Trends and Pharmaceutical Trends in Major OECD Countries by Wayne Winegarden



Incenting the Development of Antimicrobial Medicines to Address the Problem of Drug-Resistant Infections

by Wayne Winegarden



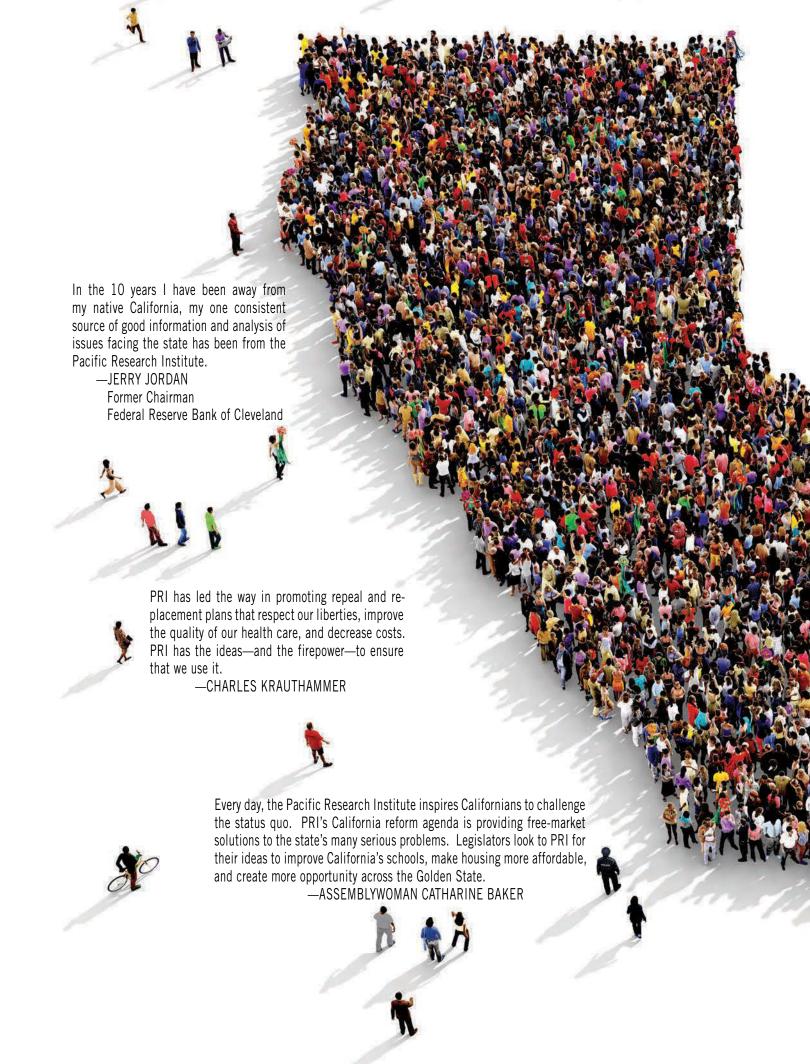
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by Wayne Winegarden



Addressing the Problems of Abuse in the 340B Drug Pricing Program

by Wayne Winegarden







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