

# Texans for Public Justice

## Annual Activity Report 2007

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**κ Texans for Public Justice**

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# **Texans for Public Justice Annual Activity Report 2007**

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The following is a summary of activities undertaken by Texans for Public Justice during calendar 2007.

The projects detailed below were carried out by Texans for Public Justice, a 501(c)4 non-profit organization through the Texas Public Justice Research Program. Many of the activities were funded by grants initially made to The Public Justice Foundation of Texas, a 501(c)3 research foundation that supports the tax exempt research and public educational activities of Texans for Public Justice.

## Sections:

- Major Reports
- Lobby Watch
- Public Assets Project
- Data Collection & Enhancement
- Information, Media & Web Resources
- Judicial & Campaign Reform Advocacy
- Staffing
- Financial

# Major Reports

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- **Published Two Biennial Reference Reports**
- **Published Three New Groundbreaking Reports on Texas Political Activity**

## Recurring Reference Reports

### **Money In PoliTex 2006: Who Bankrolls Your Legislators?**

(September 27, 2007) – The online comprehensive study, *Money in PoliTex*, analyzes the \$158 million in campaign funds raised by 378 candidates for major statewide offices and the Texas Legislature in Texas’ 2006 state elections. This report marks the third in our series of Money in PoliTex reports detailing campaign finance activity since the 2002 election-cycle. What’s new are the interactive “Officeholder Profiles” of all 378 candidates that include each official’s top contributors, and a breakdown of their campaign money by contribution size, economic interest, and geographic location of their donors. This report boils down raw Texas Ethics Commission data into a citizen-friendly format that shows citizens exactly who funded their representatives.

### **Texas PACs: 2006 Election Cycle Spending**

(October 25, 2007) – Fueled by an election headlined by four well-funded gubernatorial candidates, an unprecedented 1,132 Texas political action committees (PACs) spent a record \$99 million on the state’s 2006 elections. As TPJ’s *Texas PACs: 2006 Cycle Spending* finds, 2006 marks a 44 percent increase from the \$69 million that such PACs spent in the previous cycle. The report identifies and ranks Texas’ top general-purpose PACs by their economic and ideological interests, including major PAC trends of the top new PACs, fastest-growing PACs, fastest-shrinking PACs, and largest vanishing PACs.

# Major Reports Con't.

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## **New Reference Reports for 2007 & 2008**

**Making Connections: State Officials and Their Special-Interest Travel Agents** (April 24, 2007) - Texas state officials are major travelers. Yet Texas has an inadequate system for disclosing the travel costs of candidates and officials. As the first report of its kind, *Making Connections* analyzes travel gifts to 81 elected or high-ranking appointed Texas officials. Registered lobbyists and other private interests made these travel gifts on 338 occasions from January 2005 through November 2006. The report concludes that Texas' crazy-quilt system for reporting official travel paid for by private interests is at once too lenient and too complex. It recommends reforms to provide greater transparency and better protect the public interest.

**Capitol Spending: Officeholder Expenditures in 2007** (January 17, 2008) – During the campaign off-season in 2007, state lawmakers and top state officials spent \$9.5 million in political funds. *Capitol Spending* analyzes where politicians blew all this money. Of the 12 spending categories classified by researchers just five major categories accounted for 70 percent of the total political expenditures.

**Supreme Spending: Political Expenditures by Texas' High-Court Justices** (March 12, 2008) – Texas' judicial-selection system creates serious conflicts of interest. TPJ's new study of political expenditures by the nine members of the Texas Supreme Court, *Supreme Spending: Political Expenditures by Texas' High-Court Justices*, finds troubling evidence that justices are misusing political funds. From January 2001 through June 2007, the nine current justices reported making 9,699 expenditures of political funds, adding up to a total of almost \$6.9 million. Predictably, this spending tended to spike in election years and to subside during non-election years.

# Lobby Watch

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- **Published Eleven Editions of Lobby Watch**

*Lobby Watch* is TPJ's periodic newsletter that tracks special interests seeking legislative and regulatory favors. The newsletter exposes who these interests are, what they want and how much they are paying for it through campaign contributions and lobby efforts.

## **Summary of Lobby Watch Reports**

**TXU's Patronage Grids Plugs All But Seven Lawmakers** (March 1, 2007) - TXU PACs and officials made \$832,722 in state political donations in the 2006 election cycle, including \$770,757 contributed directly to 219 candidates. As the *Lobby Watch* shows, the seven lawmakers who did not receive TXU money are aberrations.

**Leftover Campaign Funds Grease the Revolving Door** (March 7, 2007) - Several ex-lawmakers who recently moved into the lobby sweetened the transition by contributing leftover campaign funds to PACs or non-profits controlled by the very lobby interests that have hired them. This *Lobby Watch* reveals that the current system is ripe for abuse.

**Eight More Lawmakers Morph into Lobbyists** (April 11, 2007) - Since the Texas Legislature's 2005 session, eight more lawmakers shed their public-servant shells to embrace their inner lobbyist, billing 71 clients a total of up to \$2.2 million in 2007.

**54 More Rich Donors Join the '\$100,000 Club'** (April 19, 2007) - This *Lobby Watch* identified 140 wealthy individuals who donated more than \$100,000 apiece to Texas state PACs and candidates during the 2006 election. This marked a 63 percent increase in such mega-donors over the preceding election cycle.

# Lobby Watch Con't.

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## **It's Business as Usual in Texas for Rudy Giuliani's Bracewell**

(May 17, 2007) - While Rudy Giuliani used Houston's Bracewell & Giuliani law firm as a formidable Texas fundraising base, the firm's political activism in Texas has continued apace--with little noticeable change since Giuliani signed on in 2005. TPJ's probe into Bracewell & Giuliani's PAC and lobby activities in Texas finds the firm continues to run revolving-door lobby practices in Washington and Austin and doles out hundreds of thousands of dollars to political candidates.

## **\$4 Million Man: Speaker Craddick's Money Balked Instead of Talked**

(July 9, 2007) - Speaker Craddick has built a war chest of more than \$4 million, spending little of it to help fellow Republicans. If Speaker Craddick is loaded, the question becomes how—or if—he will discharge this weapon.

## **Epilepsy Drug Lobby Gave Lawmakers Fits**

(August 8, 2007) - Facing huge revenue losses as a result of expiring patents for anti-seizure pills, drug makers teamed up with the Epilepsy Foundation to press states to suppress generic-drug competition.

## **Leveraging a Buyout: TXU's Takeover Lobby Cost about \$17**

**Million** (August 14, 2007) - *Lobby Watch* finds TXU and its buyout suitors spent up to \$17 million in lobbying expenditures in early 2007 to convince state officials not to impose significant consumer or environmental restrictions on the giant utility or its pending takeover by the Texas Pacific Group and Kolberg Kravis Roberts.

## **AT&T Leads Craddick's Early PAC Backers**

(October 16, 2007) - This *Lobby Watch* analyzes early PAC contributions to lawmakers tracing \$100,000 in donations to House Speaker candidates. An AT&T PAC check accounted for half of the total raised by incumbent Speaker Tom Craddick.

# Lobby Watch Con't.

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**Justices Probe Lord Browne's Bulging Briefs** (October 24, 2007) - Some of Texas' most powerful corporate interests submitted a friend-of-the-court brief on behalf of the knighted ex-CEO British oil giant BP, arguing that plaintiffs should not be able to depose corporate executives even in cases such as the BP refinery explosion that killed 15 workers. *Lobby Watch* showed that the brief carries unusual heft with the Supreme Court justices, who received \$2 million in contributions from the business interests that filed the brief.

**A Bob-Perry Conduit Arms "Craddick D's"** (October 30, 2007) - A third of the \$90,764 in PAC expenditures reported in September by a lobby firm close to embattled GOP Speaker Tom Craddick went to three of Craddick's Democratic allies. As the *Lobby Watch* finds, Democratic Reps. Kevin Bailey, Dawnna Dukes and Kino Flores continue to put various spins on the \$10,000 checks that each received from HillCo Partners lobby PAC.

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# Public Assets Project

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- **New Project Exposes Pitfalls of Privatization**
- **Publishes Eight Editions of *Watch Your Assets* reports in 2007**

In April 2007, Texans for Public Justice unveiled a new project focused on misuse and abuse of the public commons. The *Watch Your Assets* series investigates how private interests profit off such public assets as public funds and services to the air, water and land. The *Watch Your Assets* reports also draw connections between the companies profiting off public resources and the political influence that helps steer public assets into private hands.

As an innovator in privatization efforts, the state of Texas is a case study rich with dreams and schemes on how to transfer public assets to the private sector. “Watch Your Assets” has investigated topics ranging from water privatization, economic development incentives, tax breaks, health and human services privatization and eminent-domain powers.

Some common themes have emerged in our reports. Private companies are profiting while the public at large is losing out, whether through misuse of public money or mismanagement of limited natural resources such as clean, fresh water. Public dollars are steered towards private companies as profits, while essential public works projects are starved of financial resources. Often the neediest are hurt, while wealthy corporations benefit. Once transferred to private hands, both local and state governments offer less oversight of the public’s resources, leaving them susceptible to abuse, manipulation and neglect in the hands of private interests. Governments impose few penalties or givebacks for private companies that perform poorly as stewards of the public’s resources.



# Public Assets Project Con't.

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## **Watch Your Assets Reports Published in 2007**

**'Til Your Well Runs Dry: How the State of Texas Converted the Edwards Aquifer Into a Multi-Million Dollar Commodity** (April 26, 2007) - At a time when Texas' water supply is stretched to the breaking point, the state has converted Central Texas' Edwards Aquifer into a multi-million dollar commodity that is being auctioned off for private gain.

**Gimme Shelter: Tax-Shelter-Funded Affordable Housing** (July 5, 2007) - From 2004 through 2006, Texas doled out \$1.3 billion in federal tax breaks to a handful of private developers to build low-income housing that is priced beyond the reach of those with the greatest housing needs.

**Peddling Privatization Boondoggles** (July 18, 2007) - Texas' grand experiment in privatizing health and human services is \$2 billion cautionary tale that has wasted more tax dollars than it saved. Contractors for four recent privatization boondoggles invested up to \$11 million to hire over 100 lobbyists to sell their tax-dollar schemes.

**Robbing "Robin Hood"** (August 23, 2007) - In the name of economic development, Texas school districts are awarding property tax breaks to big business, which could cost the state over \$800 million by 2011. While no state agency is tracking the extent of school districts' use of the tax breaks, the districts are using these development agreements to circumvent Robin Hood, the state's policy for redistributing wealth from rich to poor school districts.

**Gulf Coast Polluters Dominate School Tax Breaks** (September 6, 2007) - School districts were given the authority to award tax breaks ostensibly to lure businesses to develop in districts with low property tax revenue. In practice, however, the biggest tax breaks are going to oil refineries and petrochemical plants to expand existing facilities within property-rich districts on the north Gulf Coast.

# Public Assets Project Con't.

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**T is for 'Taking': Did Texas Sell T. Boone Pickens Powers of Eminent Domain?** (October 4, 2007) - A political shopping spree may have accelerated the efforts of Dallas billionaire T. Boone Pickens to hijack sweeping government powers of eminent domain.

**Austin's Not-So-Smart Growth Subsidies** (October 23, 2007) - The City of Austin is doling out \$117 million in publicly financed incentives to attract a select few businesses to the mushrooming metropolis. Meanwhile, many more businesses are flocking to the city without the benefit of taxpayer-funded handouts. The costs of these incentives often outweigh the city's optimistic estimates of their long-term benefits.

**State Development Fund Rewards Hype: Incentives Great, Penalties Few For Companies That Overstate Their Benefits** (December 18, 2007) - The Texas Enterprise Fund has awarded \$233 million - almost two-thirds of its total economic development grants - to companies that have since announced employee layoffs or have failed to meet the job creation requirements of their state contracts. Often these companies escape penalties altogether. The three companies that have had to return a portion of their grants collectively returned less than one percent of the total state funds they received.

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# Data Collection & Enhancement

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- **In 2007 TPJ added 1.2 million campaign contribution records to our databases.**
- **In 2007 TPJ added 8,596 lobbying contract records to our databases.**

TPJ is Texas' only public-interest group that amasses comprehensive data on campaign contributions and lobby expenditures. After gathering these data, TPJ enhances their value by identifying the economic interests behind Texas PACs, campaign contributors and lobby clients. Although onerous, this work allows TPJ alone to: Rank the state's top donors, PACs and lobbyists; Analyze political money by industry; and Identify emerging political trends.

Keeping these huge databases current requires a full-time database specialist and a part-time researcher. After major filing dates for campaigns and lobbyists, these employees require additional assistance from interns or temporary employees.

During 2007 TPJ added 1.2 million campaign-contribution records to our databases. From these 1.2 million transactions, TPJ identified and assigned unique contributor identification numbers and economic-interest codes to 343,484 previously unidentified major donors.

TPJ also maintains a database of 80,000 state lobby contracts dating back to 1995. TPJ identifies the interests of each lobbying client and assigns them an economic-interest code, which allows us to comprehensively analyze the lobby. During 2007 we added 8,596 lobbying contracts to our database.

# Information, Media & Web Resources

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- **TPJ's reports and news releases are circulated to more than 4,000 citizens, activists, decision makers and reporters.**
  - **In 2007 TPJ generated dozens of news stories in Texas media outlets.**
  - **Our reference reports are an ongoing source of information for the media and academics.**
  - **TPJ staff appeared as experts and commentators in numerous print publications and electronic media stories from national network news broadcasts to local community newspapers.**
  - **In 2007 TPJ's website received an average of 28,250 visitors each month.**
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# Judicial & Campaign Reform Advocacy

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- **A founding participant in the Texas Fair Courts Coalition.**
- **Worked to develop and promote the Make Democracy Work agenda.**
- **Active member of Texans Against Big Money Coalition.**
- **Served as a resource witness for the Legislature on major democracy reform and accountability issues.**

TPJ's research on money in politics has garnered enormous state and national media coverage, prompted significant political reforms and triggered several serious civil and criminal court actions. While TPJ's research stands alone—it is undertaken with an eye toward fostering public debate on public policy. Our research is planned to be strategic – it is designed to show the need for political reform. TPJ's post-research role is that of advocate. Through a range of earned media and organizing strategies, TPJ helps create a public discussion around specific reform proposals that seek to empower average Texans in the political process.

During 2007 and 2006, TPJ has engaged in public education and advocacy activities around a number of fundamental policy reforms in Texas. It has done so in a number of venues and circumstances, working with citizen coalitions, organizing media events, participating in public hearings.

# Judicial & Campaign Reform Advocacy, Con't.

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## **Reforms advocated by TPJ in 2007 included:**

- Place a \$100,000 aggregate limit on individual contributions to Texas candidates and political committees.
- Place reasonable limits on all contributions to Texas candidates and political committees.
- Close the revolving door between the legislature and the lobby by requiring a minimum two-year cooling off period.
- Keep judges independent by appointment and retention elections or publicly financed judicial elections.
- Require all non-ceremonial legislative votes be recorded.
- Create an independent redistricting commission.
- Place restrictions on corporate-financed political ads.

# Staffing

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TPJ carried out its 2007 activities with five full-time staff members and a part-time research assistant aided by several interns from the University of Texas and St. Edwards University.

TPJ staff included:

**Craig McDonald**

Executive director and primary spokesperson.

**Andrew Wheat**

Research director and spokesperson.

**Lauren Reinlie**

Director of the Public Assets Project.

**Sean Chitty**

Database specialist and webmaster.

**Omair Khan**

Research assistant (part-time).

**Nhu Truong**

Researcher, layout and design specialist and administrative assistant.

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# Financial

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Texans for Public Justice's operating budget for 2007 was \$277,4487.\*

Funding is provided by individual contributors and foundation grants. TPJ does not accept government or corporate grants.

Foundation support was provided by:

The Arca Foundation  
The Magnolia Trust  
The Open Society Institute  
The Winkler Foundation

Copies of IRS Forms 990 for Texans for Public Justice and The Public Justice Foundation of Texas are available upon request.

\* Texans for Public Justice is a 501(c)4 organization. It does not engage in direct or grassroots lobbying activity. Much of the exempt research activity of Texans for Public Justice is supported by grants from The Public Justice Foundation of Texas. The Public Justice Foundation is a 501(c)3 charitable foundation organized to support the exempt activities of Texans for Public Justice.