EXPOSED: The State Policy Network

The Powerful Right-Wing Network Helping to Hijack State Politics and Government
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CMD, publisher of ALECexposed.org, PRWatch.org, and SourceWatch.org, has created a clearinghouse of information on the State Policy Network at sourcewatch.org/index.php/Portal:State_Policy_Network and a reporter’s guide to SPN at prwatch.org/node/11909/. Please see these online resources for more information.

This report was written by Rebekah Wilce, with contributions by Lisa Graves, Mary Bottari, Nick Surgey, Jay Riestenberg, Katie Lorenze, Drew Curtis, and Sari Williams.

This report on SPN is also part of a joint effort with Progress Now called www.StinkTanks.org, which includes information about what citizens can do in response to SPN’s secretive influence on the state laws that affect their lives.
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Introduction

Before Texas Senator Ted Cruz did things like faux-filibustering the funding of the federal government in order to halt the Affordable Care Act, or “Obamacare,” he was a fellow at an influential state political group called the Texas Public Policy Foundation (TPPF). In 2010, he co-authored a report for TPPF that described Obamacare as an “unconstitutional federal overreach and violation of 10th Amendment rights.” The paper detailed what would later become an American Legislative Exchange Council (ALEC) “model” bill to overturn Obamacare – the “Health Care Compact” – as noted recently by the Current.

TPPF is one of 63 state-based groups that have recently been identified as members of the State Policy Network (SPN), a web of right-wing “think tanks” in every state across the country. Although many of SPN’s member organizations claim to be nonpartisan and independent, our in-depth investigation reveals that SPN and its member think tanks are major drivers of the right-wing, ALEC-backed agenda in state houses nationwide, with deep ties to the Koch brothers and the national right-wing network of funders, all while reporting little or no lobbying activities. Acknowledging the groups’ political power and that their activities make them into something different than think tanks, conservative commentator Michelle Malkin called one SPN member a “do” tank.

SPN held its 21st annual meeting in Oklahoma City on September 24 – 27, 2013, and featured a legislative agenda that included privatizing and profitizing schools, attacking the pensions negotiated for public workers, limiting the ability of states to tax, ending collective bargaining rights of workers, cutting federal spending out of state budgets, and thwarting the Affordable Care Act.

That SPN event included apparatchiks such as former Vice President Dick Cheney’s controversial pro-torture chief of staff David Addington – who is now with the increasingly aggressive Heritage Foundation – as well as representatives from Koch Industries, the Charles Koch Institute, and Charles Koch Foundation, and other the Koch-funded groups such as David Koch’s Americans for Prosperity, Generation Opportunity, and the Association for American Innovation, which is now called “Freedom Partners” and is funded to an unknown extent by the fortunes of the billionaire Koch brothers, housed in the same building as other Koch front groups, staffed by Koch operatives, and stacked with a board full of Koch insiders.

SPN’s sessions featured topics like “Retailing the Noble Case for Capitalism” as well as – perhaps surprisingly – speakers like Joel Salatin of Omnivore’s Dilemma fame. How SPN – which is funded by big food businesses like Kraft Foods and big drug businesses like GlaxoSmithKline – attracted a speaker who urges people to “quit patronizing all of the big food conglomerates” and who has criticized the combined efforts of the industrialized agriculture industry and the pharmaceutical industry (saying, “The entire industrial food system was only possible because of antibiotics for animals and pesticides for plants”) is unknown.
Here are some of the key findings of our investigation of SPN:

- SPN and its affiliates push an extreme right-wing agenda that aims to privatize education, block healthcare reform, restrict workers' rights, roll back environmental protections, and create a tax system that benefits most those at the very top level of income.

- SPN "think tanks" work together in coordinated efforts to push their agenda, often using the same cookie-cutter research and reports, all while claiming to be independent and creating state-focused solutions that purportedly advance the interests or traditions of the state.

- While it has become an $83 million dollar right-wing empire, SPN and most of its affiliates do not post their major donors on their websites. The identities of the donors we have discovered reveal that SPN is largely funded by global corporations – such as Reynolds American, Altria, Microsoft, AT&T, Verizon, GlaxoSmithKline, Kraft Foods, Express Scripts, Comcast, Time Warner, and the Koch- and Tea Party-connected DCI Group lobbying and PR firm – that stand to benefit from SPN's destructive agenda, as well as out-of-state special interests like the billionaire Koch brothers, the Waltons, the Bradley Foundation, the Roe Foundation, and the Coors family – that are underwriting an extreme legislative agenda that undermines the traditional rights of modern Americans. Corporations like Facebook and the for-profit online education company K12 Inc., as well as the e-cigarette company NJOY, also fund SPN, as demonstrated at its most recent annual meeting.

- Although SPN think tanks are registered as educational nonprofits, several appear to orchestrate extensive lobbying and political operations to peddle their legislative agenda to state legislators, despite the IRS's regulations on nonprofit political and lobbying activities.

- SPN and many of its affiliates are some of the most active members and largest sponsors of the controversial American Legislative Exchange Council (ALEC), where special interest groups and state politicians vote behind closed doors on "model" legislation to change Americans' rights, through ALEC's task forces. SPN has close ties to, and works with, other national right-wing organizations like the Franklin Center and David Koch's Americans for Prosperity.

SPN's Founding and Role in the National Right-Wing Network

SPN was founded at the suggestion of President Ronald Reagan, according to the National Review and SPN's website. In a conversation with Thomas Roe, a South Carolina building supply magnate, Reagan allegedly suggested Roe create "something like a Heritage Foundation in each of the states." So in 1986, Roe founded the South Carolina Policy Council. Similar groups – self-denominated as state-based think tanks – formed in Colorado, Illinois, Michigan, and elsewhere at around the same time. Representatives of those groups met at the Madison Hotel in Washington, D.C., and started to call themselves the "Madison Group." Roe later officially founded SPN as an "umbrella organization" to provide "advisory services" – bankrolled by Roe and other right-wing funders – in 1992.
From 1992 to 1998, SPN operated in a relatively limited organizational capacity. Then, according to SPN, its "Board of Directors realized the need for a stronger organization that would provide additional services. After extensive discussions, the existing Board took a bold and historic step in September 1998, dissolving itself and appointing a transitional Board to fulfill the broader role envisioned for the organization."x In retrospect, activities documented by the Center for Media and Democracy suggest that the new role envisioned was to dramatically change laws across the country, state by state.

SPN has grown into a large national organization and is now directed by Tracie Sharp, who is president of the national network based in Arlington, Virginia. During Sharp's tenure, SPN has grown at a rapid rate, expanding from 43 member state think tanks in 2002 to 63 member state think tanks as of 2013. Sharp personally co-founded the Cascade Policy Institute, SPN's franchise-like operation in Oregon. xi

The network has become a multi-million dollar empire: In 2011, the combined revenue of SPN and its member think tanks totaled $83.2 million. xii It has also quietly become one of the most prominent members of the national right-wing network and an essential tool for some of the richest CEOs in the world to push their right-wing agenda. In addition to its 63 member think tanks, SPN also has over 100 "associate members."xiii

Most of these organizations are national right-wing advocacy organizations, many of which have been funded by the Koch family fortune, including ALEC, David Koch's Americans for Prosperity Foundation, Matt Kibbe's FreedomWorks (Kibbe used to work for David Koch's so-called Citizens for a Sound Economy (CSE), the predecessor of FreedomWorks), Grover Norquist's Americans for Tax Reform (which also has strong Koch ties), Charles Koch's Cato Institute, the Heritage Foundation (which has long been fueled by Koch money), the Heartland Institute (which used to receive Koch family foundation funding and which has been seeking new Koch funding), and the Franklin Center (whose funding sources are mostly cloaked). This is in many ways one of the embodiments of the infamous Kochtopus, with its financial tentacles spreading across the states.

ALEC’s Biggest Ally in the States?

SPN and its members have become major sponsors and members of the controversial American Legislative Exchange Council (ALEC). As the Center for Media and Democracy documented when it launched the groundbreaking ALECexposed.org investigation in 2011, through ALEC, corporate lobbyists and special interest group representatives vote as equals with state lawmakers behind closed doors on “model” legislation. These bills are then taken back to the state, where they are introduced in the legislature, cleansed of any reference to the fact that they were pre-voted on by out-of-state special interest corporations and groups. Not surprisingly, ALEC bills often benefit its corporate members’ bottom line. All of SPN’s member think tanks push parts of ALEC's agenda in their respective states, and at least 34 SPN members have direct ties to ALEC in addition to their affiliation with SPN, which is an active ALEC member itself.xv
In the mid-2000s, SPN secured funding for a number of its member think tanks to join ALEC directly and help develop “model bills” to be voted on secretly in ALEC task forces. By 2009, 22 SPN member think tanks were active ALEC members and participants in ALEC task forces.\textsuperscript{xvi}

A significant portion of the funding for SPN members’ participation in ALEC has come from Donors Capital Fund (DCF), a secretive fund connected to the Koch billionaires that cloaks the identities of its donors.\textsuperscript{xvii} According to DCF’s 2011 IRS filing, which does require the disclosure of grantees although not the funds’ sources, it funded Michigan’s Mackinac Center, North Carolina’s John Locke Foundation, the Texas Public Policy Foundation, Pennsylvania’s Commonwealth Foundation, and six other member think tanks "for participation at American Legislative Exchange Council meeting," providing a total of $200,000 to the groups for that purpose.\textsuperscript{xviii} From 2007 to 2011, Donors Capital Fund and the related DonorsTrust have funded at least 51 SPN member groups in almost every state, including giving start-up funds for new franchise-like operations in Arkansas, Rhode Island, and Florida, according to the Center for Public Integrity, a nonprofit investigative news group.\textsuperscript{xx}

SPN President Tracie Sharp is listed as a member of ALEC’s Education Task Force, as is Stephen L. Bowen, a staff member of the SPN member group the Maine Heritage Policy Center who is listed by ALEC as an SPN representative to the task force.\textsuperscript{xx}

Sharp and staff members Joe Coletti and Kathleen O’Hearn are also members of ALEC’s Health and Human Services Task Force.\textsuperscript{xxi}

Randolph J. May, President of Maryland’s Free State Foundation, represents SPN on the Communications and Technology Task Force.\textsuperscript{xxii}

At the beginning of the Commerce, Insurance and Economic Development Task Force meeting at the ALEC 2012 Spring Task Force Summit in Charlotte, North Carolina, the meeting started out with "State Policy Network Updates,"\textsuperscript{xxiii} suggesting that SPN is also a member of that task force.

SPN has also sponsored ALEC’s annual meetings – which are listed in one of ALEC’s funding brochures as costing at least $50,000 per meeting – in 2011,\textsuperscript{xxiv} 2012,\textsuperscript{xxv} and 2013,\textsuperscript{xxvi} as well as at least one other ALEC meeting.\textsuperscript{xxvii}
Sharp was the recipient of ALEC’s 2009 “Private Sector Member of the Year Award.” ALEC gave her the award because, according to an ALEC “scholar” and founder of SPN member think tank the Evergreen Freedom Foundation (now called simply the Freedom Foundation), ”Not only have SPN members assisted legislators in drafting model legislation, they’ve been key in killing some proposals by ‘rent-seeking’ special interests.”

However, SPN’s tax forms indicate that it does no lobbying.

[Source: The Center for Media and Democracy: SPN Ties To ALEC]
Follow the Money: SPN Funding to ALEC

SPN’s membership in the controversial organization is not free. Through the years, SPN and its member think tanks have provided ALEC with hundreds of thousands of dollars in membership fees and contributions. SPN was a “Chairman” level sponsor of ALEC’s Annual Conference in both 2011 and 2013, which equated to a $50,000 sponsorship fee each year, according to ALEC’s known fee schedule, and sponsored at an even higher level in 2012.

Between 2008 and 2011, SPN and its member think tanks also served as a middleman for effectively funneling money from the secretive Koch-funded Donors Capital Fund to ALEC. In just those four years, the Donors groups itemized $688,800 to SPN and 12 member think tanks for participation in ALEC, task force membership fees, and travel expenses to attend ALEC meetings, where special interest legislation is peddled and lawmakers and their spouses are wined and dined.

SPN’s Extreme Agenda

SPN and its member think tanks promote an extreme right-wing agenda, largely mirroring the controversial agenda of national right-wing organizations like David Koch’s Americans for Prosperity, Charles Koch’s Cato Institute, and Koch’s Citizens for a Sound Economy spin-off FreedomWorks – all of which happen to be associate members of ALEC. Some of SPN members’ destructive agenda items include:

<table>
<thead>
<tr>
<th>Issue</th>
<th>Agenda</th>
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<tbody>
<tr>
<td>Education</td>
<td>Defund and privatize public schools through voucher programs, charter school expansion, and giving tax credits to corporations that fund private schools</td>
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<tr>
<td>Healthcare</td>
<td>Block access to affordable healthcare by working against the implementation of the Affordable Care Act and Medicaid expansion</td>
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<td>Workers’ Rights</td>
<td>Restrict workers’ collective bargaining rights by pushing anti-worker measures such as so-called “Right to Work” and paycheck deception, and undermine public workers’ negotiated retirement security by switching to risky defined-contribution pension plans</td>
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<tr>
<td>Energy &amp; the Environment</td>
<td>Oppose renewable, clean energy sources, while promoting fossil fuels and advocating for the repeal of pollution restrictions and environmental protections</td>
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<tr>
<td>Taxes</td>
<td>Create a tax system that benefits those at the very top and lowers taxes on corporations, while pushing measures such as flat or supposedly “fair” tax programs that cost workers more in marginal dollars, or replacing the income tax with a higher sales tax, all of which disproportionately raise the relative tax rate on middle and working class families</td>
</tr>
<tr>
<td>Government Spending</td>
<td>Cut government spending on essential services and public programs</td>
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<tr>
<td>Wages &amp; Income Equality</td>
<td>Oppose raising the minimum wage, and in some cases urge the repeal of minimum wage, living wage, and prevailing wage laws</td>
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SPN Pushes ALEC's Corporate-Sponsored Legislation

The Center for Media and Democracy's investigation of SPN ties to ALEC reveals that many SPN think tanks write "model" legislation, introduce it behind closed doors at ALEC meetings, and then push their ALEC model bills in their states:

**Attacking Workers' Rights:** ALEC's "Right to Work Act" seeks to limit the rights of workers to unionize in the private sector and undermine the power of unions to negotiate and protect workers. SPN member state think tanks have published articles and reports supporting "right to work" legislation in at least Alabama, Kentucky, Ohio, Delaware, Oregon, Minnesota, Indiana, Michigan, Maine, New Mexico, and Pennsylvania. Michigan's operation, the Mackinac Center, was recently singled out by SPN for its efforts to push "Right to Work" into law in Michigan despite its long state record of support for workers' rights to organize and collectively bargain. Who was there to tout this legislative victory that came over the objections of thousands and thousands of Michigan workers? Betsy and Dick DeVos, the extreme right-wing millionaires pushing an array of divisive and destructive legislative issues to suit their narrow personal views.

SPN think tanks join ALEC in pushing a broad agenda to undermine other worker protection, including tearing down collective bargaining, prohibiting paid union activity in the form of "release time," and ending the ability to deduct union dues from paychecks for private and public employees (so-called "paycheck protection").

**Privatizing Public Education:** SPN think tanks join ALEC in pushing a broad education agenda to privatize public schools, including pushing for-profit online schools, for-profit and other charter schools, using taxpayer dollars for vouchers to for-profit schools, and even so-called “parent triggers” to allow a group of parents to close a public school for current and future students, and turn the school into a charter school or require a voucher system that takes away from traditional public schools.

**Privatizing Public Pension Systems:** SPN think tanks join ALEC in pushing to privatize public employee pension systems that workers have negotiated for, making them 401(k)-style defined contribution type accounts rather than defined benefit plans. Such changes provide less retirement security for workers who have devoted their lives to public service and negotiated for such benefits to protect themselves and their families from poverty as they age. Additionally, 401(k) systems tend to include the diminution of benefits through corporations taking fees out of the pensioners’ funds, creating a lengthy revenue stream for the corporations that administer those plans, which often involves substantial income for the corporation relative to the work involved.

**Rolling Back Environmental Initiatives:** ALEC’s "State Withdrawal from Regional Climate Initiatives" would allow states to pull out of the Regional Greenhouse Gas Initiative or the Western Climate Initiative, cap-and-trade programs to cut greenhouse gases and carbon-dioxide emissions. It also uses language that denies the documented climate changes that are underway. SPN state think tanks have published articles and reports supporting states' withdrawals from these regional initiatives in at least Alabama, Arkansas, Tennessee, Delaware, Oregon, New Jersey, Montana, Virginia, and Connecticut.

**Disenfranchising People of Color, the Elderly, and Students:** ALEC’s restrictive “Voter ID Act” makes it more difficult for American citizens to vote. It would change identification rules so that citizens who have been registered to vote for decades must show only specific kinds of ID in order to vote. This bill disenfranchises college students and many low-income, minority, and elderly
Americans who do not have driver’s licenses but have typically used other forms of ID and proof of residency in the district. SPN state think tanks have published articles and reports supporting voter ID bills in several states, including Arkansas, Washington state, North Carolina, and Wisconsin.

**SPN’s Cozy Relationship with Big Tobacco**

The State Policy Network has close ties with the tobacco industry. SPN, its member think tanks, and SPN related-entities such as ALEC, the Heritage Foundation, and the Cato Institute, have received significant funding from the tobacco industry that has continued through at least 2012, according to industry documents. The Nation journalist Lee Fang previously reported that SPN relied on funding from the tobacco industry throughout the 1990s, and in return assisted the tobacco industry "in packaging its resistance to tobacco taxes and health regulations as part of a ‘freedom agenda’ for conservatives."

During SPN President Tracie Sharp’s tenure at the Cascade Policy Institute, Philip Morris state lobbyists worked hand-in-hand with CPI to oppose tobacco taxes.

In 2001, Philip Morris Director of External Affairs Joshua Slavitt told an SPN conference that the best way to "positively impact your relationship with prospectively and current corporate contributors" was to "understand their priorities" and to make "contribution requests to suit the needs of your supporters."

It appears that SPN and its member think tanks were listening, as cash from Big Tobacco to SPN continues to flow. In 2012, Altria (formerly Philip Morris) listed SPN and 21 member think tanks as recipients of corporate “charitable” contributions (which it calls “business directed giving”), although the corporation does not disclose the amount of the contributions. The Center for Media and Democracy has discovered that Altria/Philip Morris and Reynolds American contributed a total of $105,000 to SPN alone in 2010. Industry documents made publicly available by the 1998 Master Tobacco Agreement between the Attorney Generals of 46 states and the nation’s five major tobacco companies and two tobacco industry associations show that SPN think tanks have been recipients of funding from Big Tobacco dating back to the early 1990s.

In turn, many SPN think tanks often advocate against raising tobacco and excise taxes and work to defeat smoking bans. In Ohio, for example, the Buckeye Institute (which has received at least $60,000 in direct funding from the tobacco industry over the years, including funding from Altria as recently as 2012) has published numerous reports and articles against tobacco taxes, and the 1851 Center for Constitutional Law, formerly an offshoot litigation center of the Buckeye Institute, has led legal efforts against Ohio’s public smoking ban.

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* xlviii
* xlix
Building an Echo Chamber

"The state think tank world is like a network...We're all paying for and using data from national organization and networking."
- Montana Policy Institute Policy Director Glenn Oppel

**Same Research and Talking Points, Different State**

While SPN is a national organization with 63 affiliates and over 100 associate members, it remains a closely connected network. It is not uncommon for think tank members to share board members, "scholars," or staffers, nor is it uncommon for the think tanks to share research materials, coordinating their agenda and tailoring national research to fit into state-related politics.

One example is a “report” advocating for so-called “right to work” legislation. After being originally drafted by ALEC “expert” Richard Vedder, the report was released, in slightly altered form, by SPN affiliates or allied organizations in at least four states considering “right to work” proposals. The report appeared in Indiana in January 2011 and Michigan in September 2012. At the time, both states were considering, and would later pass, right to work legislation. It appears that SPN followed up by releasing nearly the same report in Minnesota in January 2012 and in Ohio in March 2012, both released by the SPN affiliates in those states: the Center of the American Experiment (MN) and the Buckeye Institute (OH). All four reports, all authored by Vedder, share similar or exact language, and are just slightly tailored to mention each state.

SPN groups also coordinate national pushes in particular policy areas. Starting in 2007, the Texas Public Policy Foundation (TPPF) launched a national effort to reform criminal justice policy in the states. Within four years, at least nine other SPN think tanks were involved, echoing research and talking points, including in Delaware, South Carolina, Colorado, Georgia, Pennsylvania, North Carolina, New Mexico, Ohio, and Nebraska. That effort has attracted the attention of some unusual allies seeking to address some of the substantial injustices resulting from ALEC’s long-standing agenda to privatize prisons and expand sentences, which benefitted its long-time members in the private prison industry (like Corrections Corporation of America). If ALEC prevails in the effort to alleviate prison overcrowding through expanding early supervised release or parole, however, ALEC corporate interests like the its long-time board member, the American Bail Coalition, are likely to benefit from the outsourcing of parole and supervision to the bail bonds and electronic surveillance industry, which have funded ALEC.

Another notable example is SPN’s coordinated campaign to defeat the Affordable Care Act and block healthcare reform, which was largely bankrolled by the secretive Donors Capital Fund. In the summer and fall of 2009, the United States Congress and the Obama administration were in the middle of writing, debating, and taking testimony on federal healthcare reform, legislation that would eventually become the Affordable Care Act or "Obamacare." Also in 2009, SPN think tanks around the country received over $1.2 million from Donors Capital Fund for "healthcare policy reform" projects.
A review of SPN think tanks’ publications shows that these grants likely funded a coordinated effort by SPN and member think tanks to advocate against the Affordable Care Act in the middle of the national debate on healthcare reform. While most SPN think tanks claim to be independent research centers focused on state issues, many released the same report in August and September 2009. The report, titled “The Prognosis for National Health Insurance,” was written by Ardoin, Laffer, & Moore Econometrics, a conservative economic consulting firm. (Of the firm’s principals, both Arthur Laffer – who is known for inventing the discredited “Laffer” curve and is an advocate of extreme supply-side economic theory – and Stephen Moore – who founded the right-wing political operation Club for Growth that endorses and raises money for political candidates and who now sits on the Wall Street Journal’s editorial board – were economic advisors to President Ronald Reagan and are ALEC “scholars” like Vedder.)

The Texas Public Policy Foundation (TPPF), an SPN affiliate, reportedly co-authored the report.

The report advocated against federal healthcare reform legislation that would become the Affordable Care Act, arguing against the government being involved in healthcare reform and for "free market solutions." While each report was slightly tailored to each state, all shared identical language. Many think tanks received $10,000 from Donors Capital Fund for this 2009 healthcare project, although several received more. TPPF, for example, received $300,000 for the “2009 state health care policy reform project,” while also receiving an additional $50,000 to “promote the Laffer healthcare study in major media outlets.”

The following are the so-called "Prognosis" reports found online. (Other SPN affiliates may have also released the report, but have since removed it from their websites). All were released in August or September 2009 in the midst of the national debate on healthcare reform, except for the Montana report, which was released in 2011:

<table>
<thead>
<tr>
<th>State</th>
<th>Think Tank</th>
<th>Healthcare Report</th>
<th>Funding From Donors for 2009 Healthcare Report</th>
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</thead>
<tbody>
<tr>
<td>TX</td>
<td>Texas Public Policy Foundation</td>
<td>The Prognosis for National Health Insurance: A Texas Perspective (August 2009)</td>
<td>$350,000</td>
</tr>
<tr>
<td>CO</td>
<td>Independence Institute</td>
<td>The Prognosis for National Health Insurance: A Colorado Perspective (August 2009)</td>
<td>$100,000</td>
</tr>
<tr>
<td>MO</td>
<td>Show-Me Institute</td>
<td>The Prognosis for National Health Insurance: A Missouri Perspective (August 2009)</td>
<td>$10,000</td>
</tr>
<tr>
<td>NE</td>
<td>Platte Institute</td>
<td>The Prognosis for National Health Insurance: A Nebraska Perspective (August 2009)</td>
<td>$10,000</td>
</tr>
<tr>
<td>PA</td>
<td>Commonwealth Foundation</td>
<td>The Prognosis for National Health Insurance: A Pennsylvania Perspective (August 2009)</td>
<td>$10,000</td>
</tr>
<tr>
<td>FL</td>
<td>James Madison Institute</td>
<td>The Prognosis for National Health Insurance: A Florida Perspective (September 2009)</td>
<td>$10,000</td>
</tr>
<tr>
<td>State</td>
<td>Think Tank</td>
<td>Healthcare Report</td>
<td>Funding From Donors for 2009 Healthcare Report</td>
</tr>
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</tr>
<tr>
<td>LA</td>
<td>Pelican Institute</td>
<td>The Risks and Promises From National Health Care Reform: A Louisiana Perspective (September 2009)</td>
<td>$10,000</td>
</tr>
<tr>
<td>MN</td>
<td>Freedom Foundation</td>
<td>The Prognosis for National Health Insurance: A Minnesota Perspective (September 2009)</td>
<td>$10,000</td>
</tr>
<tr>
<td>VA</td>
<td>Virginia Institute for Public Policy</td>
<td>The Prognosis for National Health Insurance: A Virginia Perspective (September 2009)</td>
<td>N/A (but Donors did give VAIPP $30,000 in 2009 for general operations)</td>
</tr>
<tr>
<td>MT</td>
<td>Montana Policy Institute</td>
<td>A Montana Perspective on Healthcare and Health Insurance Reform (February 2011)</td>
<td>$10,000</td>
</tr>
</tbody>
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**Did Koch-Connected Donors Capital Fund Fuel TPPF Report Written by Ted Cruz?**

Before Ted Cruz was elected to the U.S. Senate representing Texas, he was a fellow at TPPF. In 2010, he co-authored a report for the organization that described the ACA as an “unconstitutional federal overreach and violation of 10th Amendment rights.” The paper detailed what would later become an ALEC “model” bill to overturn Obamacare – the “Health Care Compact” – as noted recently by the *Current.*

Notably, TPPF received a $65,300 grant from Donors Capital Fund in 2010 “for the organization's project, Turing the Tide Unifying the States to Oppose Federal Overreach.” Cruz’s report goes on to announce, “In coming months, the Foundation's Center for Tenth Amendment Studies will work with partners across the country to develop an Agenda for State Action. We will identify and share those tools that States can use to stop federal overreach and restore the Constitution's limits on government power.” It is not known how much of the $63,500 grant, and any other funds TPPF may have received for the project, were used to compensate Cruz himself.

**SPN and the Franklin Center: Infiltrating State News Coverage**

Participants in SPN’s predecessor organization, known as the Madison Group for its meetings at the ultra-luxurious Madison Hotel in Washington, D.C., "were active in assisting new state-based think tanks with public relations plans designed to garner press clippings from right-wing publications, along with state, local, and national newspapers and magazines. Despite corporate and conservative foundation support and a conservative agenda, these state-based think tanks were trained by the Madison Group to speak to the media and politicians in populist terms like 'Welfare Reform,' 'Empowerment of the Poor,' 'School Choice,' and now of course 'Paycheck Protection,'” according to a report by the National Education Association.

Today, SPN think tanks are hiring their own "investigative reporters" or hooking up with right-wing media outlets to push out their message as "news" more directly. SPN’s 2007 annual meeting in Portland, Maine, included a session called "Strategies to Bring the Policy Heat: Collaborating with c-
4s, Hiring Investigative Reporters and Using Litigation.” Two years later, the Franklin Center for Government and Public Integrity was founded. Lxiv The Franklin Center funds state news websites and wire services in more than 40 states. Several of these “news” websites have received criticism for their right-wing bias, lxvi lxvii And the Pew Center Project for Excellence in Journalism ranked the whole Franklin franchise as “highly ideological” in July 2011. lxviii A majority of SPN think tanks (at least 37) host Franklin “reporters” or publish a Franklin-affiliated publication. lxix The Franklin Center’s Vice President of Journalism and Editor of Watchdog.org, Will Swaim, moderated a workshop for SPN member organizations on “Pitching Your Story: How to Develop Relationships with the Media” at SPN’s 2013 annual meeting lx and Franklin’s Director of Communications, Michael Moroney, spoke at an SPN workshop called “Turn Crisis Communications into Opportunity Communications.” lxii

As an example of how these outfits operate, New Hampshire’s Josiah Bartlett Center for Public Policy (JBCPP) has run the Franklin site NewHampshire.Watchdog.org. Grant Bosse started the publication as a staff member at the Josiah Bartlett Center, although according to the site, it is now run as an independent site. lxii Not only does Bosse use the platform to spin disinformation -- such as publishing "news articles" on how the Regional Greenhouse Gas Initiative (RGGI) is "all about money" while the publication and JBCPP strive to repeal it lxii -- but he has testified to the state legislature against policies like RGGI without disclosing his ties to the JBCPP or the Franklin Center, as shown by video footage obtained by the organization Granite State Progress. lxiii

Several SPN members attempting to run Franklin Center “journalism” outlets have come under criticism for their advocacy roles and refusal to disclose their donors. In Ohio, for example, the Buckeye Institute was denied credentials in the Ohio Legislative Correspondents Association in 2010. Association President Jim Siegel of the Columbus Dispatch said that the organization was “denied because they were more of a conservative think tank than a professional news-gathering organization” and “there were some questions about where their funding came from.” lxiv Additionally, numerous Franklin Center outlets – many of which are SPN affiliates – have been criticized for faulty reporting and manufacturing news stories to fit into their political agenda. lxv

The Franklin Center is largely funded by the same right-wing organizations that fund SPN and its affiliates, including DonorsTrust/Donors Capital Fund, the Lynde and Harry Bradley Foundation, and the Coors family fortune-funded Castle Rock Foundation. lxvi

**SPN’s Use of the Court System to Push Its Extreme Agenda**

Several SPN members have created "litigation centers." Clint Bolick, who runs Goldwater’s litigation center, told the National Review, "We realized that on some issues we needed to go to court or we wouldn't be able to change anything." lxvii

Goldwater was the first of the SPN member think tanks to open a litigation center as a permanent part of its organization (and Bolick, the center’s director, received a salary boost from $126,875 in 2007 to $300,624 in 2011, and he and another litigator received huge bonuses in 2011, as...
documented by CMD and Arizona Working Families). But as of 2013, several other SPN think tanks, including Minnesota’s Freedom Foundation and the Nevada Policy Research Institute, also have litigation programs, as do some of its associate members, like the North Carolina Institute for Constitutional Law.

Delaware’s Caesar Rodney Institute launched a special fundraising campaign at the beginning of 2012 to pay for a lawsuit against the state of Delaware to challenge its practice of awarding state construction jobs only to contractors paying union scale wages, charging that the methodology used to figure out the prevailing wage rates was flawed. When legislation drafted by the think tank to address the perceived issue failed at the committee level in the statehouse, the group told SPN that it would take to the courts.

Many of the SPN groups also submit amicus curiae briefs. Several, for example, filed briefs challenging the Patient Protection and Affordable Care Act (or so-called “Obamacare”) in the Supreme Court case *National Federation of Independent Business v. Sebelius*.

This relatively new effort of SPN to take its agenda to the courts has also been largely funded by the secretive but Koch-connected Donors Capital Fund. Between 2008 and 2011, SPN and six member think tanks have received over $2.4 million from Donors Capital Fund specifically itemized for litigation efforts or legal projects.

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**SPN’s Undisclosed Role in Changing Laws and Influencing State Politics**

**Nonprofit Think Tanks Become Lobbying Powerhouses**

Acknowledging the group’s political power, conservative commentator Michelle Malkin called the SPN member Idaho Freedom Foundation a “do” tank. Darcy Olsen, president and CEO of SPN member think tank the Goldwater Institute, told the *National Review*, "We’re in the business of applied policy." Applied policy appears to translate to changing state laws. Although most do not register lobbyists, many SPN members advance legislation through ALEC and outside of ALEC. They are in frequent communication with members of the legislature and have exerted strong influence on changes to state laws.
The *Idaho Spokesman-Review* reported in September 2013 that the Idaho Freedom Foundation “had three registered lobbyists, was a constant presence in the Capitol and led the opposition to the governor’s biggest legislative proposal of the session, the bill creating a state-based health insurance exchange. It rated 150 bills against its agenda, assigning positive or negative scores, and tracked lawmakers’ votes. The group writes legislation, testifies to committees, sponsors lectures and tours for legislators, conducts polls, publishes reports and sends out emails, and its lawmaker scores have been prominently featured in campaign ads.”

Think tanks in Arizona, Colorado, Illinois, Kentucky, Michigan, North Carolina, Texas, and Washington have all drafted state legislation hamstringing worker and environmental protections and more, and “sponsored” it through the process of becoming an ALEC “model” bill for the states. Think tanks also push their own model legislation. Arizona’s Goldwater Institute has a section of its website devoted to 16 “model” bills purported “to expand liberty,” including three bills to undermine the federal Affordable Care Act and a bill to form a contract among states in an attempt to make enforcement of any federal gun control legislation the “equivalent of a federal crime.”

In addition, many SPN think tanks also hold “legislative forums,” seminars, “policy previews,” “policy orientations,” etc. when their state’s legislature begins a new session. Whether called lobbying or not, these events present state legislators with bills being pushed as priorities by the think tanks for that legislative session. These events have been held by the Montana Policy Institute, the Idaho Freedom Foundation, the Freedom Foundation of Minnesota, the Texas Public Policy Foundation, and Oregon’s Cascade Policy Institute, the Mississippi Center for Public Policy, Louisiana’s Pelican Institute for Public Policy, North Carolina’s John William Pope Civitas Institute, New Jersey’s Common Sense Institute, the Oklahoma Council of Public Affairs, and the Illinois Policy Institute, according to *SPN News*. These events are intended to do things like “show lawmakers how to fund transportation infrastructure with private money,” that appear to be phrased to avoid works like “convince,” “persuade,” and “lobby.”

As 501(c)(3) nonprofits, SPN think tanks may not take part in “substantial” lobbying activities in attempting influence legislation, and too much lobbying activity risks the loss of tax-exempt status. Lloyd Hitoshi Mayer, a nationally known expert on nonprofit tax law and a law professor at the University of Notre Dame, defines lobbying as “any attempt to influence any legislation through communication with any member or employee of the legislative body, if the communication refers to specific legislation, and reflects a view on such legislation” and says of the work of SPN members like the Idaho Freedom Foundation, “Most organizations that do this kind of stuff form themselves as (c)(4)s, so they avoid these issues.” Some of the SPN groups have (c)(4) arms to which donations are not tax-deductible because of the substantial lobbying, but many do not.

“**They’re pretty darn active. They’re visible in every committee room I serve on...I don’t view them at all as nonpartisan.**”

Nonpartisan Educational Organizations or Partisan Advocacy Machines?

As 501(c)(3) nonprofits, SPN think tanks are registered as charitable educational organizations, holding the same IRS status as churches, universities, and nonprofit charities. Unlike other political organizations, contributions to SPN think tanks that are 501(c)(3) organizations are tax deductible. This means that corporations and individuals (like the Koch brothers) that fund their operations can get a tax write-off for funding SPN efforts. This also means that SPN think tanks are prohibited from participating in partisan political campaign activity, and they are also prohibited from making political contributions.

Several SPN think tanks appear to have made political campaign contributions to partisan political accounts, all to Republican candidates or political committees, including in:

- **Colorado:** The Independence Institute has made 164 political contributions totaling $527,447 from 1995 to 2013, many being itemized as “non-monetary.” All but 24 of the contributions are “in-kind” contributions, which could range from loans to supplies to volunteer time.

- **Florida:** The James Madison Institute contributed $591 to the Florida Republican Party on June 20, 2006.

- **Illinois:** The Illinois Policy Institute made two $275 direct individual contributions to the Illinois Republican Party in May 2008.

- **Michigan:** The Mackinac Center made two contributions: $500 to the Michigan Republican Party in August 2010 and $100 to the Livingston County Republican Committee in March 2003.

- **South Carolina:** A federal political action committee titled the “South Carolina Policy Council Federal PAC” was registered with the Federal Election Commission from 1993-2006.

- **Utah:** The National Institute on Money in State Politics reports that the Sutherland Institute has made four contributions to the Utah Republican Party (2002, 2010, 2011, 2012), totaling $2,750. Utah’s state public disclosure website lists contributions dating back to 2008, and the contributions made by the Sutherland Institute to the Utah Republican Party between 2010 and 2012 are listed in the database.

- **Washington:** The Evergreen Freedom Foundation (now called simply the Freedom Foundation) has made 14 political contributions between 2002 and 2010, totaling over $2,000.

- **Wisconsin:** In July 2012, the Milwaukee Journal Sentinel reported that the MacIver Institute and Americans for Prosperity jointly spent an estimated $3.7 million touting Gov. Scott Walker’s policies during the 2012 Wisconsin gubernatorial recall election.

"I don't know if they can maintain their tax-exempt status... I think they are big time overstepping their bounds. I think it's wrong."
- SC Republican Senator Paul Campbell on the South Carolina Policy Council's political activity
Revealed: Previously Unknown Funders of SPN and the Web of “Stink Tanks”

SPN has grown into a multi-million dollar “think tank” empire, as SPN and its member think tanks cumulatively reported over $83.2 million in revenue and $78.9 million in expenses in 2011. SPN itself saw an increase in revenue of more than $3 million from 2011 to 2012. Where is all that money coming from?

Until recently, very little information on SPN’s funding was available. However, the Center for Media and Democracy has discovered a public document listing SPN’s 2010 funders, which include the following top and key funders (bolded funders have also funded ALEC):

- Giving $1.5 million or more: Donors Capital Fund
  - DonorsTrust Inc.
  - Northern Trust Charitable Giving Program (a donor-advised fund)
  - BMO Harris Bank
- Giving $250,000 to $600,000:
  - Jaquelin Hume Foundation
  - Karen Wright (member of the Kochs’ million-dollar donor club and American Petroleum Institute boardmember)
- Giving $100,000 to $249,000:
  - RAI Services Company (Reynolds American Inc.)
  - Altria Client Services Inc.
  - Microsoft
  - AT&T
- Giving $5,000 to $24,000:
  - Kraft Foods
  - Atlantic Trust Company
  - Philip Morris
  - Reynolds American
  - Express Scripts
  - American Legislative Exchange Council
  - DCI Group, LLC (top Republican lobby and PR firm with ties to the Koch brothers, the tobacco industry, the Tea Party, and billionaire Pete Peterson’s “Campaign to Fix the Debt”)
  - Verizon Communications, Inc.
  - Comcast
  - Olive Hill, LLC
  - Time Warner Cable Shared Service Center

- Giving $25,000 to $99,000:
  - Famsea Corporation
  - White Hat Ventures, LLC
  - GlaxoSmithKline
Although there is no direct funding from Koch Industries or any of the Koch family foundations in that document, both Donors funds are connected to the Kochs and operate to conceal the identity of the donor. Is part of the combined $2 million from the two Donors funds (the biggest donors to SPN itself by far in 2010) from the Koch fortune?

In addition, the following corporations, front groups, and various non-profit organizations sponsored SPN’s most recent annual meeting in Oklahoma City on September 24 – 27, 2013, for undisclosed amounts (bolded funders have also funded ALEC):  

- **Express Scripts**  
- **Vernon Kriible Foundation**  
- **The Roe Foundation**  
- **Alliance for School Choice**  
- **Atlas Network**  
- **RAI Services Company**  
- **The Liberty Foundation**  
- **Voter Gravity**  
- **Altria**  
- **NJOY (electronic cigarettes)**  
- **Charles Koch Institute**  
- **National School Choice Week**  
- **Quick Reliable Printing (QRP)**  
- **R Street**  
- **Taxpayers United of America**  
- **eResources**  
- **How Money Walks**  
- **Spark Freedom**  
- **Franklin Center for Government and Public Integrity**  
- **Facebook**  
- **Jones Public Relations**  
- **National Cable & Telecommunications Association**  
- **Reason Foundation**  
- **Consumer Healthcare Products Association**  
- **American Legislative Exchange Council**  
- **The Carleson Center Welfare Reform Action Fund**  
- **Stephen Clouse and Associates**  
- **Comcast**  
- **A.C. Fitzgerald & Associates**  

- **ClearWord Communications Group, Inc.** (donor strategies firm)  
- **Time Warner Cable**  
- **K12 Inc.**  
- **Competitive Enterprise Institute**  
- **Frontiers of Freedom**  
- **Ceterus (virtual office company)**  
- **Case Consulting Services**  
- **DonorsTrust**  
- **The Heritage Foundation**  
- **National Center for Policy Analysis (NCPA)**  
- **Students for Liberty**  
- **Right on Crime**  
- **Tax Foundation**  
- **ROC Exposed (an anti-labor front group run by Berman & Co.)**  
- **Microsoft**  
- **Mercatus Center at George Mason University**  
- **Mackinac Center for Public Policy**  
- **Americans for Tax Reform**  
- **The Independent Institute**  
- **Americans for Prosperity Foundation**  
- **MP Plumbing Co.**  
- **American Enterprise Institute**  
- **Campaign Marketing Strategies**  
- **U.S. Chamber of Commerce Global Intellectual Property Center**  
- **Generation Opportunity (a Koch-financed group focusing on young voters)***  
- **American Philanthropic**  
- **Young Americans for Liberty**
DonorsTrust & Donors Capital Fund: The Secret Big-Money Behind SPN

The largest known funder behind SPN and its member think tanks are two closely related funds -- DonorsTrust and Donors Capital Fund. Exposed in Mother Jones as the "dark money ATM of the conservative movement," the Donors groups are spin-offs of the Philanthropy Roundtable run by SPN board member Whitney L. Ball. They are what are called "donor-advised funds," which means that the fund creates separate accounts for individual donors, and the donors then recommend disbursements from the accounts to different non-profits. It cloaks the identity of the original mystery donors or makes it impossible to connect donors with recipients because the funds are then distributed in the name of DT or DCF. For example, a relatively unknown Koch family foundation called the Knowledge and Progress Fund gave $4.5 million to DonorsTrust between 2007 and 2010, but what organizations received that funding from Donors is unknown.

A review of funding from the Donors groups to SPN and its member think tanks reveals that the two Donors groups funneled nearly $50 million to SPN and 55 member think tanks in just the four years between 2008 and 2011. That is a substantial amount of cash flooding into the states to affect state policies and laws.

This money was specifically itemized by Donors to be used for participation in ALEC, so-called journalism programs and statehouse reporting operations, transparency projects, direct mail efforts, litigation centers, or reports against Affordable Care Act and environmental protections.
Not only do the Donors groups themselves fund SPN and its members, but through a network of shared board and staff members, there is a larger group of Donors-related foundations funding SPN. Searle Freedom Trust, for example, whose president and CEO Kimberly Dennis is the chairman of the board of DonorsTrust and the secretary of the board of Donors Capital Fund, gave $2,155,000 to SPN itself from 2004 to 2011, $1.31 million to California’s Pacific Research Institute from 2003 to 2011, $295,000 to the Texas Public Policy Foundation from 2007 to 2011, $275,000 to Arizona’s Goldwater Institute from 2007-2011, $121,500 to Arizona’s Goldwater Institute from 2007-2011, $275,000 to Arizona’s Goldwater Institute from 2007-2011, $121,500 to Ohio’s Buckeye Institute for Public Policy Solutions in 2009, and $30,000 to Oregon’s Cascade Policy Institute in 2004 (it also gave DonorsTrust $2.3 million from 2001 to 2011 and $150,000 to Donors Capital Fund in 2001). The William E. Simon Foundation, whose president James Piereson is DonorsTrust’s vice chairman, gave $759,250 to California’s Pacific Research Institute from 2002 to 2011 and $2,500 to Arizona’s Goldwater Institute in 2007 (it also gave DonorsTrust $895,000 from 2003 to 2011).

In addition to funding SPN, DonorsTrust and Donors Capital Fund are also notable for funneling millions to other national right-wing organizations, many which are associate members of SPN and have also been funded by the Koch family fortune, including ALEC, David Koch’s Americans for Prosperity, Grover Norquist’s Americans for Tax Reform (which also has strong Koch ties), Charles Koch’s Cato Institute, the National Right to Work Foundation, the Heritage Foundation (which has long been fueled by Koch money), the Franklin Center (whose funding sources are mostly cloaked), the Heartland Institute (which used to receive Koch family foundation funding and which has been seeking new Koch funding), Matt Kibbe’s FreedomWorks (Kibbe used to work for David Koch’s so-called Citizens for a Sound Economy (CSE), the predecessor of FreedomWorks), and the American Enterprise Institute. In 2011 alone, the two Donors groups gave out over $92 million in grants.

Another Tentacle of the Kochtopus

“The brothers have funded opposition campaigns against so many Obama Administration policies—from health-care reform to the economic-stimulus program—that, in political circles, their ideological network is known as the Kochtopus.”

- Journalist Jane Mayer in The New Yorker

In addition to Donors funding, SPN has received significant funding directly from the Koch brothers, either through personal contributions, corporate contributions from Koch Industries, or contributions from one of three Koch family foundations. For example, SPN has received funding from one of the Koch brothers’ Koch Family Foundations, the Claude R. Lambe Foundation, in 2002, 2003, 2005, and 2006.

SPN think tanks do not generally disclose their donors to the public. The Massachusetts-based SPN member think tank Pioneer Institute for Public Policy Research is an exception to that rule, as it posts annual reports on its website that contain lists of funders, without the specific dollar amounts that were donated. Even more is known about its 2007 funders, however, as a list of 2007 funders was inadvertently made public that contains grant amounts. The list provides an important case study in how SPN’s member think tanks are funded, and by whom.
The Pioneer Institute’s 2007 funders include Pennsylvania-based Sovereign Bank, oil and gas magnate Lovett C. Peters, banker William Edgerly, retired Blue Seal Feeds CEO Dean Webster (former director of the right-wing think tank Capital Research Center), Mitt Romney's lieutenant governor Kerry Healey, and textile heir Roger Milliken.

However, David Koch was the group’s largest donor that year, distributing $125,000 out of his personal account (not his foundation) to the organization. Koch has since been listed by the Pioneer Institute as one of its top funders between 2008 and 2012, giving over $100,000 each year.

Similarly, in 2012, a list of 2010 funders of an SPN member think tank in Texas, the Texas Public Policy Foundation (TPPF), that was disclosed to the IRS was inadvertently made public. It reveals that Koch Industries gave $159,834 directly to TPPF, in addition to $69,788.61 from the Claude R. Lambe Foundation, which is a Koch family foundation. Because Koch Industries is a privately held corporation led by Charles and David Koch, it does not disclose which groups it funds, unlike most publicly traded corporations. As a result, the total amount Koch Industries itself has spent advancing the right-wing agenda of its leaders is not known.

If David Koch gave this much money to one state think tank in 2007, and the Kochs’ corporation gave another chunk of money to another state think tank in 2010, it begs the question of what other SPN groups and other non-profit organizations the Koch brothers and their corporation fund directly in any given year.

The Koch brothers have also funneled millions to SPN and its member think tanks through the Koch family foundations, including over $1.5 to California's Pacific Research Institute and over $850,000 to the Texas Public Policy Foundation. At least 13 SPN think tanks, not including SPN itself or SPN associate members, have received funding directly from the Koch-controlled foundations.
Other Major Donors: Bradley, Roe, Coors, Scaife, Pope, Searle, and the Waltons

In addition to the Donors groups, the Koch brothers, and the corporations and individuals listed above, SPN relies on other right-wing foundations for funding. These include:

- **The Roe Foundation**: Founded by SPN and South Carolina Policy Council founder Thomas Roe, between 1998 and 2011, the South Carolina-based foundation has funneled over $9.5 million to SPN and its affiliates.\(^{\text{cxxv}}\)

- **The Lynde and Harry Bradley Foundation**: The Wisconsin-based organization is well known for funding right-wing groups and efforts to privatize education both in Wisconsin and across the country. The Bradley Foundation has funneled millions into SPN and its affiliates, including over $16.5 million to the Wisconsin Policy Research Institute.\(^{\text{cxxvi}}\)

- **The Castle Rock Foundation**: Affiliated with the Coors family of the Coors Brewing Company, the Colorado-based foundation has helped fund SPN and its members across the country. Over the years, the Coors family has funneled over $11.3 million to SPN, its affiliates, and associate members through the Castle Rock Foundation.\(^{\text{cxxvii}}\)

- **The Scaife Foundations**: The Pennsylvania-based Scaife Foundations – of right-wing billionaire mega-donor Richard Mellon Scaife – have funneled millions to SPN think tanks, including over $2.7 million to Pennsylvania’s Commonwealth Foundation\(^{\text{cxxvii}}\) and over $3.7 million to California’s Pacific Research Institute.\(^{\text{cxxx}}\) Additionally, nearly 90 percent of Pennsylvania’s Allegheny Institute’s known funding has come from Scaife Foundations.\(^{\text{cxxx}}\)

- **The Walton Family Foundation**: The Waltons of Walmart are frequent funders of SPN think tanks, including $115,000 to the Arkansas Policy Forum, $380,000 to California’s Pacific Research Institute, $350,000 to Washington’s Freedom Foundation, and $316,850 to the Pioneer Institute in Massachusetts.\(^{\text{cxxi}}\)

- **Art Pope**: Pope, a well-known ally of the Koch brothers and director of Americans for Prosperity,\(^{\text{cxxxii}}\) is the primary source of funding for North Carolina’s two think tanks, providing 90 percent of the Civitas Institute and Locke Foundation’s total funding, according to an analysis by the Institute of Southern Studies.\(^{\text{cxxxiii}}\)

- **The Searle Freedom Trust**: The Chicago-based foundation founded by the late Daniel C. Searle, the chairman of G.D. Searle & Company (makers of Dramamine), has funneled to millions to SPN and its think tanks, including $2.2 million to SPN itself, $1.31 million to California’s Pacific Research Institute, $295,000 to the Texas Public Policy Foundation, $275,000 to Arizona’s Goldwater Institute, $121,500 to Ohio’s Buckeye Institute for Public Policy Solutions, and $30,000 to Oregon’s Cascade Policy Institute (it also gave DonorsTrust $2.3 million and $150,000 to Donors Capital Fund – both donate heavily to SPN).\(^{\text{cxxxiv}}\) Searle Freedom Trust’s president and CEO Kimberly Dennis is the chairman of the board of DonorsTrust\(^{\text{cxxxv}}\) and the secretary of the board of Donors Capital Fund.\(^{\text{cxxxvi}}\)

Other major SPN funders include the Jaquelin Hume Foundation, the DeVos Foundation, the JM Foundation, the William E. Simon Foundation, and the Olin Foundation. Since both SPN and its affiliated think tanks are registered as nonprofits, the organizations are not required to disclose
their donors. Therefore, many funding sources behind the network remain unknown, including other corporate contributions.\textsuperscript{cxxxvii}

The Mystery Money Behind SPN

Additionally, when the Texas Public Policy Foundation accidentally disclosed its 2010 list of funders, it revealed that SPN itself gave TPPF $49,306.90 in 2010 (SPN's own tax filings claim that it only gave TPPF $19,500 in 2010),\textsuperscript{cxxxviii} but what may be more interesting is that Tracie Sharp, SPN's president, was the contact person for an additional $495,000. These two grants, for $300,000 and $195,000, were listed as being received from the "State Think Tank Fund" and the "Government Transparency Fund," respectively -- two funds about which virtually nothing is known.\textsuperscript{cxxxix}

SPN's leader apparently has at her disposal two funds of such significant value that she can readily use them to dispense nearly one-half of a million dollars to one think tank in Texas in one single year. It is not known how much Sharp dispensed, if anything, to other SPN think tanks or operations that year or over many years. It is not known who or what is the source of such money that she controls but that is apparently not controlled by SPN itself. And it is not known what these untold sums have purchased or been used to accomplish.

How SPN’s Agenda Benefits Its Donors

The funding behind SPN closely resembles a client-based relationship. When the Bradley Foundation wants to launch an effort to privatize public schools, its funding to SPN entities goes a long way in producing agenda-driven research and lobbying state legislatures to implement a voucher system. When the Koch brothers want to see lower corporate taxes and fewer pollution regulations so Koch Industries can see higher profits, contributing to right-wing think tanks that aggressively call for lowering – or eliminating – corporate taxes and removing environmental regulations serves as an investment that aids their corporation as well as their personal agenda.

When tobacco companies like Reynolds American or Altria/Philip Morris want to avoid tobacco taxes and health regulations, reports by SPN groups in many states can help inspire local resistance. When AT&T, Verizon, Comcast, and Time Warner are worried about internet sales taxes and FCC regulations, contributing to SPN can be beneficial as think tanks work against these measures (as noted in SPN's monthly "Telecoms Policy Exchange").\textsuperscript{cxl}

When the Waltons face criticism over the low pay and benefits of Walmart workers, a report by a "local think tank" arguing against raising the minimum wage and living wage laws could be beneficial to them. Be it the Koch brothers and environmental policy, the Waltons and minimum and living wage laws, or the Bradley Foundation and education privatization, SPN funders end up
being a “client” to the think tanks, receiving a service – influencing state legislators and promoting a right-wing agenda – that benefits them.

The shared agenda goals and funders between SPN think tanks is not a coincidence. SPN groups exist not to promote issues important to each state, but instead to promote legal changes that benefit their right-wing funders and partners. SPN think tanks often advocate for lowering corporate taxes, restricting workers’ rights, repealing minimum and living wage laws, and opposing government regulations on businesses – all of which could benefit its right-wing and corporate backers.

In the end, by destroying workers’ rights, and even in some cases blocking voting rights of those who may support their ideological opponents, the SPN think tanks are helping right-wing politicians win elections that are more likely to support their agenda to benefit their corporate backers.

"They are part of a well-orchestrated and well-funded effort ... to undermine working people in this country and further enrich and empower the very few folks at the top who have rewritten the rules for their benefit."
- Matt O’Connor of In This Together CT regarding the Yankee Institute (SPN’s Connecticut affiliate)
Key Resources

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- One Wisconsin Now, S is for Shill: Inside the Bradley Foundation’s Attack on Public Education, organizational report, November 13, 2013
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    - Tracie Sharp
    - Byron S. Lamm
  - SPN Funding
  - SPN Members
  - SPN Ties to ALEC
  - Donors Capital Fund
  - DonorsTrust
    - DonorsTrust and Donors Capital Fund Grant Recipients
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