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No Time To Squander With Important Legislative Issues

Texas Legislators are primed to tackle some tough problems when they open the 2003 session in a few days, and some analysts have identified education as the top item on the agenda.

Pressure is being asserted on the legislature to fund education at a higher level and more money will be needed simply because the state's public school system is growing by 70,000 students a year. Also, the system for funding education continues to be under heavy fire.

There also are other education subjects on the agenda, so it is easy to see why this has been tagged as the top issue.

But budgetary woes could rival for the top problem. A shortfall of \$5 billion or more has been projected if all operations continue to be funded at requested levels. Finding ways to meet budgetary shortfalls while creating needed reforms to boost the state's economy clearly is another top challenge.

The ability of Texas to meet needs of its citizens depends largely on the success of business, and this is something legislators are urged to keep in mind. It is businesses, large and small, across the state that provide jobs, pay much of the taxes that allow governments to function and provide health insurance for millions of state residents.

That means a strong effort to maintain and improve the existing business climate is essential.

Some legislative priorities for building a stronger business climate in Texas have been identified by the Texas Association of Business.

Texas businesses are dealing with reduced profits or even losses because of several things, including a lagging economy, overregulation by the state and federal government, double-digit health care insurance increases and increased liability costs, said TAB president Bill Hammond.

A study by the Regulatory Studies Program at George Mason University identified regulations alone as having a significant cost to employers.

Complying with workplace regulations costs an average \$2.2 million per manufacturing firm, or about \$1,700 per employee, the study found. Smaller firms faced higher costs than large firms at \$2,573 per employee and \$1,530 per employee respectively.

Regulations governing employee benefits such as health insurance mandates account for 27 percent of the cost of compliance.

In Texas, employers have identified the rising cost of health insurance as the No. 1 issue facing their businesses. State businesses spent \$39 billion on health care in 2000 and are seeing premium increases of 25 percent a year, almost twice the national average of 15 percent.

Even with so much money invested in insuring more Texans, a staggering 75 percent of the uninsured in the state hold down full-time jobs. When their children are included, eight of 10 uninsured people in the state are in working families.

A slate of reforms has been recommended by the TAB that the legislature should enact to address the issue of affordable health insurance for employers and employees.

It includes opposing any measure that increases costs for Texas employers and their employees and families and creates a private industry fiscal note. Consumer-directed health care is urged to promote and empower employees and consumers of health care services.

Legislators are asked to establish a moratorium on any new mandates for employers providing health insurance and to allow employers to offer employees a true basic coverage policy. Eliminating waste, fraud and abuse in both the commercial employer-sponsored health care market and private sector health programs is essential.

Taxes are another key issue. Because of the projected shortfall for the biennium starting in 2003, there already is a clamor from some leaders to raise taxes. The TAB believes that raising taxes is the most damaging answer to the shortfall. Other reasonable solutions exist without cutting critical programs.

A recent study commissioned by the Texas Public Policy Foundation found that higher tax burdens are actually associated with greater poverty, reducing the ability of those with lower incomes to invest and save.

Thus the recommendation of no new taxes and no unfunded government mandates shifting costs of financing programs to either the private sector or other government levels.

Another important business item is tort reform. Despite a 1995 tort reform bill passed by the Texas Legislature, the state still ranks 47th in the country for its litigious environment. Class action lawsuits, medical malpractice and asbestos litigation are three areas of high concern.

Plenty of other issues are on the table for the new legislative session.

The Texas Legislature is notorious for doing little during the early weeks of its regular sessions, but the number of "critical" items on this year's agenda suggests a need for a fast start.

A good way to get moving would be to put an early "finished" stamp on some of those top issues. There seems to be little room for wasted time if this agenda is to be completed in a satisfactory manner.