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Policy orientation sees heated debate on taxes

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By Laura Doyle
Pflugerville Pflag Correspondent

The last day of the Texas Public Policy Foundation's policy orientation for legislators began with a heated debate on taxes and spending.

While panelist Richard Vedder, Distinguished Professor of Economics at Ohio University, vehemently suggested that we Texans "go on a [spending] diet," promising it to be liberating, Scott McCown, Executive Director of the Center for Public Policy Priorities, suggested that Vedder not tell someone eating only 1,200 calories a day to go on a diet. McCown, in an attempt to defend his point that we "do not have state services that meet our state's needs," claimed that Texas is ranked 50th in per-resident spending.

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recommend modernizing our tax system and increasing state taxes - "we haven't had a state tax increase since '91."

"In the long run you have to have balance, balance in taxes and balances

in spending. A wise public investment is a positive factor in economic growth," said McCown, meaning taxes when he said "public investment." With 167 years as a low-tax state, needless to say, not everyone

in the room was in agreement.

Mike Morrissey, Director of Budget, Planning and Policy from the Office of the Governor joined neither side during the most heated portion of the discussion, and instead represented the Governor's views of taxes and spending. Morrissey said, we must "live within our means." He

also said the legislature needs to reexamine spending before asking if it is enough revenue. He reiterated Perry's zero-based budget and compared it to emptying out a drawer from time to time to make sure all the items inside are still needed. He said he was not prepared to talk about the revenue level until completing the examination of all spending.

Next, Susan Combs, Texas Agriculture Commissioner, introduced panelists Representative Robert Puente, Senator William Callegari, Competitive Enterprise Institute President Fred Smith, and Kevin Ward, the Executive Administrator of the Texas Water Development Board, to discuss Texas water issues.

Combs summarized the overall predicament facing Texas government: "How do government bodies provide water while protecting individual property owners' rights?" She spoke of the current and ongoing issues - the lack of a water conservation policy, the lack of good arbitration methods, and the damage to rivers from vehicular traffic.

Representative Robert Puente commented on the Natural Resources Committee's changes in representation and leadership. He said that many on the committee with water experience are no longer a part of the legislature. Puente claimed that the overarching goal of the committee is to meet supply and demand. He acclaimed past legislation such as the Edwards Aquifer Authority, "the first time we have regulated ground water." He also supported protection of environmental flows, which refers to the amount of water needed in a river, stream or coastal area to support its wildlife populations.

Puente admitted that Texas is years away from developing a system of water reservoirs. He also said, "Financing water projects will be a state issue for a long time." In the meantime, he suggested exporting San Antonio's conservation methods to the rest of the state.

Rep. Bill Callegari called for more reservoirs, but admitted to the challenge of paying for them. He also expressed his concern with transfer and rule of capture issues. He added that many ground water districts have been created, but that the trend must change in the future. Houston, for example, is 100 percent dependent on ground water and has also suffered ten feet of subsidence, or sinking. He supported the requirement that Houston work towards receiving only 20 percent of its supply from ground water by 2030. In fifty years, he foresees our counties' water supplies connected by a system of pipelines.

Competitive Enterprise Institute representative Fred Smith said, "We haven't allowed private property owners to compete using the free market." He compared the need for

that water too could enjoy the privileges of a free market system. He condemned Progressives, and called conservation "a form of self-flagellation." He claimed that if individual associations, not government policies, determined water usage, we could turn scarcity into abundance.

Water Board Administrator Kevin Ward warned fellow panel members and audience members that by 2010, "we will not be able to meet our needs due to drought." He claimed that we did not need any big new program, only more funding. He supported interim conservation efforts, and anticipates a new water play by 2007.

After the panel discussion on water, Jeff Sandefer, Founder of the Foundation for Entrepreneurial Excellence, moderated the discussion of higher education issues facing Texas. He called for a renewed and intense focus on the customer. By the end of the discussion, panelists included university students, parents and taxpayers and businesses in the category of "customers." Sandefer presented the claim that by 2015, Texas needs 500,000 more college graduates per year to meet the demands of the new economy.

Bill Bennett, Former U.S. Secretary of Education, said "the good news is that we have the greatest system of higher education in the world." He claimed that at any International Conference in the Humanities, half of the attending scholars are likely from a U.S. University. He said that the U.S. is where the world goes to graduate school. According to Bennett, the bad news in higher education is tuition increasing at rapid rates, universities having to remediate incoming freshmen, the many students enrolling but never graduating, universities focusing more on research than teaching, and the resulting college graduates considered by some to be as educated as a European high school graduate.

To remedy the system, Bennett said to make the university accountable, and start focusing on the needs of the customers. He suggested increasing the competition between universities by providing more grants, and letting the families and students decide where to use their grant money. Senator Royce West did not disagree with Bennett's statements, and warned that companies will not be looking to Texas for future workers unless there are well-educated individuals here.

He emphasized the need for increasing minority groups' access and participation to higher education. West added that he would like to see Texas' concept of education expanded to include K-16. Rep. Geanie Morrison agreed with Sen. West, and added the rising importance of community colleges and other alternative educating institutions to the list of potential answers.
