

Wednesday, April 28, 2004



**The
Wednesday Meeting**

HAND-OUT PACKET

This contains everything that was handed out during the most recent Wednesday meeting. It is provided as a courtesy to everyone on the invitation list.

What is the Wednesday Meeting?

The Wednesday meeting is an opportunity for individuals of the “center-right” movement in Texas to gather for off-the-record discussions about upcoming issues, important announcements and general news-of-the-day.

While a discussion topic will be presented, the meetings are informally structured and everyone is encouraged to participate – whether on the day’s topic, or by bringing up an issue of importance to them. Everyone should endeavor to be as brief as possible, to allow others the opportunity to present their ideas.

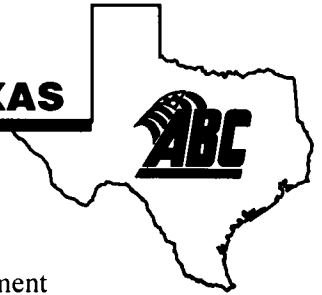
Handouts are not only welcomed, but encouraged; bring your press releases, commentaries and position papers!

Neither a debate society nor a political rally, the Wednesday meeting is simply designed to allow the free-flow of ideas and information in a friendly environment.

Everyone who attends must abide by the **Ground Rules**:

1. Everything said is 100% off the record. If anyone wants to repeat anything to someone outside the room, they need to get permission from the person who said it.
2. No one is endorsing anything anyone says, sometimes even the person posing the question or comment -- return to Rule 1.
3. Discussion is the theme -- questions, comments and ideas are encouraged, see Rule 1.
4. We may not always agree, but we’re still friends!

If someone isn't coming or on the invitation list who should be, please contact Michael Sullivan



PLEASE REPEAL THE PREVAILING WAGE LAW

The prevailing wage statute (Texas Government Code 2258) mandates that all government entities set a prevailing wage to be paid to all construction workers on contracts with the governmental entity. The original Davis-Bacon Act was passed by Congress during the Great Depression. It is a relic and a reflection of both anti-competitive and discriminatory attitudes that were common during that time¹. Every governmental entity will save money through the repeal or modification of this law.

- Costs are incurred by the governmental entity in determining the proper wage rate (often by extensive surveys), in reviewing the wage state merits filed by each contractor and subcontractor on every job, and enforcing the wage rates. Additionally, costs are incurred in paying an artificial rate above market rates.
- The state of Texas, in the areas of school construction, transportation, and prison construction projects could realize as much as \$1 billion in annual savings if Texas realizes the same 15% that Florida saved.² For example, Texas currently spends more than other states on school construction,³ and repeal means that school districts could save or stretch their dollars.

In other states:

- When the school construction was exempted from the prevailing wage law in Florida, a 15% savings in total construction costs was realized. (Florida and Texas have similar labor markets and are both right-to-work states.)⁴
- In Ohio, when school construction was exempted from the prevailing wage law, school construction savings averaged 10.5%⁵
- During a temporary repeal of the Michigan prevailing wage law, public construction costs decreased around 10% from the costs with the law in place.⁶
- Studies showed repeal of the prevailing wage laws in the State of Washington would reduce public school construction costs by 12.7% and labor costs by 27%.⁷

Prevailing wage laws result in slowed job creation, lowered economic growth, and higher government spending. Repeal of prevailing wage laws will increase the efficiency of public investments, and reduce the cost of government.

¹ Mackinac Center for Public Policy, Michigan's Prevailing Wage Law and Its Effects on Government Spending and Construction Employment, by Richard Vedder, Sept 1999, p.3&4.

² A roadmap to Responsible Reform, p 25, Texas Conservative Coalition Research Institute, January 2003.

³ US Department of Education "K-12 School Construction Facts," October 1999.

⁴ A roadmap to Responsible Reform, p. 25, Texas Conservative Coalition Research Institute, January 2003

⁵ Ohio Legislative Budget Office, A Study of the Effects of the Exemption of School Construction On Renovation Projects from Ohio's Prevailing Wage Law. An Interim Report of a Five-Year Study, Year Two, by Allan Lundell, January 2000, Introduction and Overview.

⁶ Mackinac Center for Public Policy, p.2.

⁷ Washington Research Council, "Schools Would Benefit From Repeal of Prevailing Wage," Policy Brief, December 1999

DELINQUENT TAX MONETIZATION

This proposal gives school districts and other local taxing units an optional and useful financial tool to better manage their resources. Basically, it gives these local governments the option to sell their delinquent property tax receivables and turn them into immediate revenue. Local elected officials would have the ability to sell these assets in order to accelerate revenue and create budgetary flexibility in these difficult financial times.

Currently, there are 30 states that have passed legislation enabling local taxing jurisdictions to sell these assets. More than \$4 billion of these receivables are sold or financed each year across the nation.

Under the current taxing structure, taxing units are forced to set tax rates artificially higher or lower than necessary in order to compensate for the fact that a certain percentage of taxpayers do not pay in a timely fashion. When school districts, for example, set their budgets in the early spring, they make an estimate of the percentage of tax collections they expect to receive. If they guess wrong, and expect based on past experience to collect 98% of their taxes, and end up later getting just 90%, for example, they have to cut the budget they've already set and approved.

The strategy behind selling these assets is to avoid forcing current taxpayers to finance delinquent taxpayers. It is for this very reason that 30 states, municipal rating agencies, and other proponents of sound fiscal management endorse monetizing delinquent property tax receivables. This allows local taxing units to effectively achieve a 100% collection rate each year if they sell the receivables each year, so there can be certainty in budgeting every year. In effect, current expenditures are matched with current revenues.

This proposal does not affect collections of delinquent taxes. The proposed law simply would let entities buy the cash flows that the local governments receive when the delinquent taxes are finally collected.



TEXAS MEDIA WATCH

April 26, 2004

TAKE A CONSERVATIVE TO LUNCH AND OTHER IDEAS TO REDUCE BIAS IN THE NEWS

By

Sherry Sylvester

The Dallas Morning News' April 19 editorial acknowledging the existence of liberal media bias was a watershed for the Texas press. See Dallas Editorial

In the year that my organization has been monitoring the state's five largest metropolitan dailies, the big papers have mostly dismissed suggestions that news reporting and analysis might be slanted against conservatives and their ideas. Some insist that criticism from all sides of the political spectrum is proof of balance.

But the persistent decline in press credibility, demonstrated in a half-dozen recent polls, fueled the Dallas Morning News' pledge to take a more balanced approach to news coverage. See Pew Center Poll cited in Morning News Editorial

We applaud their candor. We also suggest some concrete first steps the Morning News and the state's other newspapers can take to restore ideological equilibrium.

First, as the April 19 Dallas editorial notes, journalists are more "culturally and politically liberal and secular" than their readers. Take affirmative steps to eliminate that problem by making intellectual diversity a priority when hiring reporters, columnists and editors.

Second, balance the news diet in the newsroom.

Most reporters and editors read the liberal editorial page of the New York Times everyday. Break down the information ghetto by making sure they also plow through the conservative opinions on the back page of the Wall Street Journal.

Balance other liberal viewpoints with conservative assessments. If a National Public Radio report is cited at the daily editorial meeting, ask someone to find out what Rush Limbaugh has to say on the same topic. If local reporters are monitoring the liberal alternative weekly, make sure they are checking local conservative talk radio too.

Next, don't tolerate ideological slurs. If a reporter or editor refers to a source or a subject as a "right-winger," a "fundamentalist," a "neo-con" or a "zealot," ask for a more precise description. Shorthand slams against an individual ideology are for politicians, not journalists.

Four, look at the public policy issues your paper has examined in the last year and make sure you have included the views of conservative as well as liberal experts in your coverage. If you find reporters have not detailed the conservative position as well as the liberal side, correct the imbalance.

Determine the last time editorial writers had a bull session with the state's best conservative thinkers. Invite them in to share their views on the latest hot issue, or better yet, take a conservative to lunch.

Personal contact with real people should make writers more skeptical of the political hyperbole that flies about in political debates. Editorial writers are already appropriately skeptical of Republican charges that Democrats are trying to increase taxes to create a socialist state in Texas, but they frequently report the Democratic allegation that the GOP want to destroy public schools.

The same skepticism should apply.

Reporters should review their sources and make sure they have a network of conservatives in their palm pilots. "Running the traps" will yield the same old slanted news if reporters only consult predictable sources.

Earlier this year, the Fort Worth Star-Telegram announced that they will tackle credibility questions by surveying randomly selected subjects and sources after a news report is published to determine if they were quoted accurately and fairly.

This kind of process is important and could be particularly useful in determining what truly constitutes a balanced news report.

Texas Media Watch frequently finds news stories where representatives from both sides of a debate are quoted, but conservative views are not reported. For example, a news story may tell readers what motivates legal abortion activists to take a stand while reporting only that abortion opponents believe they will win the battle.

A balanced news report about ideological positions will include information from both sides.

Finally, the biggest challenge for journalists today is to resist those in the profession who believe the press should take sides in the current ideological and political wars. We recently reported that, increasingly, there are journalists who believe that the issues at hand are so important that the press must move beyond their editorial pages to take a stand – whether it is the war in Iraq, school finance reform in Texas or opening Augusta National to women.

Such moves not only destroy press credibility, they are also ineffective. The more biased the press becomes, the less the public pays attention.

The April 19 editorial in the Dallas Morning News rightly laments that many readers, particularly younger ones, don't appear to know the difference between news and entertainment. For political news, many have abandoned the morning paper for the comedy talk show.

The best way to regain that ground is to give readers of all ages something comedy talk, and increasingly television news, does not – an up close and personal look at all sides of the argument.

When it comes to high octane commentary and propaganda, the public has a wide variety of sources and flavors to choose from. The market niche that needs to be filled is objective and unbiased news.

Sherry Sylvester is the Director of Texas Media Watch

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AMERICANS FOR PROSPERITY

Protecting every individual's right to economic freedom and opportunity

Educators Witness Protection Program

A special project of

Americans for Prosperity, Parents, Teachers and Taxpayers

Parents, teachers and taxpayers are saying ENOUGH to wasteful education spending and want more education for our dollars before we put more money into education!

There are many education employees – teachers and staff – as well as parents and other taxpayers who have seen wasteful spending siphoning dollars from the classroom. Gathering and sharing information on specific education spending waste, fraud and abuse of our tax dollars is the objective of the Education Witness Protection Project.

This information, observations and ideas will be shared with legislators, school board members and others who can help push more of our dollars into the classroom and end wasteful spending. Though wasteful spending is widespread, educators, parents and others are not speaking out for fear of retaliation by administrators and the education bureaucracy. Americans for Prosperity (AFP) wanted to provide a vehicle for these people to *anonymously* report their ideas and their observations – so the Educator Witness Protection Program was established.

Background – As Texans consider revamping the school finance system and ending Robin Hood, some big-government advocates are demanding taxpayers provide an additional \$6-8 billion a year for public education. Fully 1/3 of the state budget is spent on education yet *only about 50 cents on every dollar actually goes to classroom instruction*. Texas ranked second among 50 states in total public education expenditures for 2002-03. Texans support education and our spending reflects that commitment to Texas schoolchildren. Yet as we spend more money on education, a decreasing amount makes it into the classroom.

Amid the Education Bureaucracy's insatiable desire for more of your tax dollars, millions in wasteful spending and fraud is being exposed through the Educators Witness Protection Program in school districts all across Texas. Following are just a small sample of examples of fraudulent and wasteful spending, which have been reported to AFP:

- \$10 Million in kickback schemes and bid rigging between a superintendent and a contractor. The Superintendent involved was once recognized as Superintendent of the Year,
- \$1.6 Million spent for "leadership training for administrators in a district with only one high school,
- \$1 Million for storage space for hundreds of thousands of dollars for "obsolete" computers, which could not be sold because the loan had not been paid off,
- Hundreds of thousands of dollars for distance learning carts and materials but after purchase, their were no distance learners and therefore no additional money for the school, and finally,
- In a district whose Administrator will probably go to prison for financial fraud and mismanagement of millions of dollars, the TEA issued a report showing that the district had achieved the highest level of financial integrity.

(You can find more examples of wasteful spending and fraud on our website listed below.)

If you are an educator, parent or taxpayer and suspect fraud, waste and abuse in your school district, contact us at help@educatorswitnessprotectionprogram.com. We will not ask for names or other personal information and will assure anonymity. Or visit our web site at www.EducatorsWitnessProtectionProgram.com.

We invite you to join Americans for Prosperity and citizen groups across Texas who are determined to end wasteful education spending and put more dollars into the classroom so taxpayers get more education for our dollars.

Americans for Prosperity and AFP Foundation - (formerly CSE Foundation)
807 Brazos St, #210, Austin, TX 78701-9996
phone: 512/476-5005 fax: 512/476-5006

Save Our Taxpayers

Taxes in Texas Major Cities:

Total Taxes:

Austin	4,358	+ 130% over San Antonio
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Cities, with Hospital District, Included in Total Taxes:

Dallas	2,489
Fort Worth	2,290
Houston	2,798
San Antonio	1,896

What is the Hospital District?

This will establish a new Taxing district for the property owners of Travis County. A 9-member appointed board would manage it. Four appointed by the Austin City Council and four by the Travis County Commissioners. One appointed jointly by the City and County. This board will be responsible for the planning of the Health care needs of the poor and uninsured for the next 5, 15 & 30 years. It will have the authority to raise taxes, with concurrence of the Travis County Commissioner Court. The County and City will be completely out of the business and no longer able to spend tax dollars for this purpose.

What is the Tax Impact?

The Tax Increase will be: (When the rate is: .25/100 of Taxable Value.)
Home owners living in the Following area:
Travis county, Austin & AISD or RRISD = + 6.8% to 7.6%
Travis county, AISD or Eanes, Leander, Round Rock ISD = + 11.2 to 12.7 %

**Assumes No increase in County, City or School Tax until
Healthcare District gets to .25/100**

A Better Solution:

City increase Allocation from 1.5% to 2.0%	+ 9.5M \$
County Increase Allocation from 1.5% to 2.0%	+ 2.4M \$

Save \$\$\$ “Vote Against Hospital District” May 15th

Educational Excellence and Equity

REAL AND SIGNIFICANT PROPERTY TAX RELIEF

Gov. Perry's plan provides real and significant property tax relief that is long overdue.

This includes \$3.2 billion in immediate tax relief for residential properties through an immediate 25 cent reduction in the school property tax rate.

That represents an average 17 percent savings for Texas homeowners in the first year. With a single vote, the Legislature can wipe out a decade's worth of property tax increases.

In real dollars, this amounts to an **annual tax cut of \$418** for an owner of an average-priced home.

The 3 percent appraisal cap and the revenue cap the governor also has proposed will provide Texans **an additional \$3.3 billion in property tax savings** over the next biennium.

That means, under the 25 cent tax rate cut for residential properties, the 3 percent appraisal cap and the revenue cap, Texans will see **\$6.5 billion in total property tax savings over the next biennium**. By any measure, that is real and significant property tax relief.

Further, under the current system, without a meaningful revenue cap, Texans are on pace to pay an additional \$46.6 billion in property taxes by 2010. With the governor's plan, Texans will **save \$24.4 billion in property taxes by 2010**.

The plan assures cities and counties do not receive new unfunded mandates from state government.

NO OTP TAX

Texas' "Other Tobacco Products" (OTP) taxes are already the highest in the region. The current structure of the tax allows it to increase every year – near doubling the tax paid per can from 1991-2002.

Another increase in the OTP tax would affect many. In Texas, it is estimated there are 14,100 retailers who rely heavily on tobacco sales, and at least 500,000 consumers of smokeless tobacco.

Now, a proposal on the table calls for a 244% increase in the OTP tax, meaning the ***tax alone*** on a can of moist smokeless tobacco would jump to \$3.40.

An OTP increase will hurt Texas and its citizens in several ways.

- **Uncompetitive with neighboring state.** The current OTP tax rate in Texas is 35.2% of the manufacturer's list price, highest among all of our bordering states. The national average is 26.4%. The regional average is 28.4%.

A can of moist smokeless tobacco is \$5.36 average retail price in Texas, \$.43 more than the national average of \$4.93.

- **Uncompetitive with other products.** Since 1990, the OTP tax has increased **21 times** (see chart) to the current \$.99/can while the cigarette tax has remained at \$.41 /pack.

- Cigarettes and Moist Smokeless Snuff are very different products. The state of Texas should look at them differently, just as it does alcoholic products. For example, beer and wine are taxed less than liquor.

- Under the current proposal one can of moist smokeless snuff is taxed almost 2.5 times that of one pack of cigarettes. (\$3.40 v. \$1.41)

- *In addition, one would have to consume seven (7) CASES of beer to pay as much tax as paid by purchasing one (1) can of smokeless tobacco.*

- **More OTP taxes are self-defeating.** The OTP tax increase would amplify the already hefty tax on the backs of smokeless tobacco consumers, and very likely *not* raise the amount of tax revenue that is sought from the tax. Many consumers will likely switch to generic brands that retail at much lower prices and generate less sales tax revenue for the state.

- **Texans don't want more taxes.** A January 2004 poll by the Texas Conservative Coalition found that, among other things:

- "Almost 76 percent of those polled said Texans pay enough in taxes and shouldn't pay any more."

- "Seventy percent of those polled said they don't want taxes raised even it means that they would personally benefit from lower residential property taxes and 85 percent said that even when lawmakers impose taxes on businesses, the costs are just passed along to consumers in the form of higher prices for goods and services."

- **Loss of Business and Tax Revenues in Border Communities.** Texas' OTP tax is already the highest among our neighboring states. With any tax increase, business in Texas' border counties will see a decline in revenue as in-state consumers decide to make their purchases in neighboring states where the OTP rate is lower – and pick up a carton of milk or other products while there, further reducing sales tax revenue in Texas.
- **Consumers are voters too.** In general, smokeless tobacco consumers are 18-36 year old males with full-time jobs earning about \$57,000 per year and are avid outdoorsmen. They are typically conservative voters and active in politics, not unlike the "NASCAR" dads we've heard so much about of late. In Texas, about 165,000 smokeless tobacco consumers receive regular communications on industry issues.
- **Bad public policy.** Adequate funding of our public schools to ensure educational excellence is clearly a worthy objective all Texans can support. But let's not rely so heavily on an unreliable source of revenue that falls so disproportionately on a few.



Non-Legislator REGISTRATION

Evaluating School Finance Options

May 4, 2004

Driskill Hotel • Austin, Texas

4:00 pm **Panel Discussions**
 Revenue Options
 Spending Priorities

7:30pm **Dinner**
 Featuring remarks by
 ***Wall Street Journal* editorial writer John Fund**

Please complete this form and fax it to: 512-472-2728.

NAME: _____

ORGANIZATION: _____

ADDRESS: _____

CITY: _____ **STATE:** ____ **ZIP:** _____

PHONE NUMBER: _____ **FAX:** _____

E-MAIL ADDRESS: _____

AMOUNT DUE: \$50.00

PLEASE CHARGE THIS AMOUNT TO MY:
Visa MasterCard American Express

CARD NUMBER: _____ **EXPIRATION:** _____

SIGNATURE: _____

For additional information, please call: (512) 472-2700



Legislator/Staff REGISTRATION

Evaluating School Finance Options

May 4, 2004

Driskill Hotel • Austin, Texas

4:00 pm **Panel Discussions**
 Revenue Options
 Spending Priorities

7:30pm **Dinner**
 Remarks by *Wall Street Journal* editorial writer John Fund

This event is offered at no charge for legislators and legislative staff.

Please complete this form and fax it to: 512-472-2728.

LEGISLATOR: _____

STAFF MEMBER: _____

OFFICE PHONE NUMBER: _____

CONTACT E-MAIL ADDRESS: _____

WILL BOTH ATTEND THE MEAL? **Yes, both will attend the meal.**
 No, just one will attend the meal
 Neither will attend the meal.

For additional information, please call:
(512) 472-2700 (TPPF) or (512) 474-6042 (TCC)