



THE CAPITOL REPORT

2006 Update



Presenting President Pro Tempore - Royce West

On Monday, April 17, 2006, I was sworn in as President Pro Tempore of the Texas Senate. As President Pro Tempore, this places me second in the line of succession to be Governor of Texas. In instances when Governor Rick Perry and Lieutenant Governor David Dewhurst are out of the state, I assume the state's top leadership position. My selection was based on seniority, a nomination and a vote by my fellow senators.

I am both proud and honoured to be selected President Pro Tem by my colleagues. This recognition marks a new phase of leadership in my political career since first being elected to represent the citizens of Dallas County in 1993. As always, I hope to leverage the tools given me to better benefit the citizens of Texas and my district.

In the 13 years that I've been privileged to be chosen by Dallas County voters to represent you in Austin, I have learned from my colleagues what makes the Texas Senate tick. Essentially, building bridges and fostering cooperative relationships for the betterment of Texas is what this institution is all about. It's an appreciation of others' perspectives without sacrificing one's own core beliefs. It's the belief that even while we agree to disagree, we're all in this together and ultimately, the good of the State of Texas is at the top of each of our priority lists.

On Saturday, November 18, 2006, my official Governor-For-A-Day Celebration will take place in Austin, in and around the State Capitol building. Please accept this as your invitation to join me and my family in sharing this honor. There will be a parade featuring district high school and college bands and the Buffalo Soldiers. Activities include music and lunch on the Capitol grounds and a Governor's Gala. Come join us for a day of fun. Be part of Texas history!

And on behalf of my wife Carol and the West family, I thank you for the opportunity to serve!

Royce West



President Pro Tempore - Royce West and parents Gloria Ashford and Willis West.

"If at first (second, third) you don't succeed, try, try again." That pretty much sums up the marching orders of the Texas Legislature in approaching yet another special session this past spring on the subject of public school finance. As you know by now, our most formidable task was finally addressed. While tremendous effort was extended in passing this monumental legislation on school finance and property tax reform, I look forward to fine tuning the major pieces of legislation we passed into law as we move toward the January 2007 start of the 80th Session of the Texas Legislature.

The majority of funding for Texas' public schools come from property taxes, but more than 700 of Texas' 1,034 school districts were either at or nearing the maximum \$1.50 per \$100 valuation that districts could levy. At the same time, the state's share of education funding had dipped to an all-time low of about 38 percent. In fall 2005, Austin District Court Judge John Dietz ruled the state's existing school finance plan unconstitutional, saying that its reliance on property taxes basically amounted to an illegal state income tax. Lawmakers were under a June 1, 2006 court-ordered to devise a new plan to fund Texas' public schools.

While many members of the Legislature took a no-holds barred approach to property tax relief, it was equally important to me and other members to deliver the funding package necessary to properly educate the more than 4.5 million of **our** children who attend Texas' public schools.



New money for school districts!

Under the new finance plan, school districts can add 4 cents to local tax rates and will be able to keep those revenues raised. The property-rich districts defined under the share-the-wealth system known as Robin Hood also get tax relief. Currently, recapture redistributes about \$1.8 billion tax dollars combined, from school districts like Highland Park to property-poor districts like Garland. Under HB1, about \$1.1 billion will be shared. In 2009, school districts can seek voter approval for another 2 cents in the school tax increase for enrichment programs.

Dallas school officials say the extra 4 cents could raise about \$24.5 million. DeSoto estimates \$1.7 million in increased tax proceeds. Cedar Hill ISD expects to raise an additional \$1 million in tax revenue under the new finance plan.

I was among those who fought hard to maintain funding equity for property-poor districts despite the reductions through lowered recapture. So in addition, HB1 supplements - with state dollars - the minimum amount of money that each district receives based on that district's tax rate and increases the number of school districts that will receive the same level of funding.



Property tax relief: Who pays?

As Texas Gov. Perry's goal was to lower property taxes by 33 percent over two years, we as lawmakers were well aware that each dollar not received in taxes must be replaced by another revenue source. Analysts say that each cent of tax rate reduction costs the state \$110 million. The bi-partisan tax reform commission appointed by Governor Perry and headed by former Texas Comptroller John Sharp was charged with identifying \$5.5 billion in new revenues to replace that lost to property tax reduction.

We did that largely by replacing the present loophole-ridden, corporate franchise tax that allowed many busi-

nesses a near free ride, with a more inclusive, broad-based business tax that is projected to generate \$3.38 billion when it goes into effect in January 2008. Under the new tax, businesses will pay 1 percent on gross receipts and have the option of either deducting their cost of goods or employee compensation. Retailers will pay 0.5 percent in taxes based on smaller profit margins. The new legislation exempts sole proprietorships, general partnerships and businesses that gross less than \$300,000 annually.

Beginning in 2007, smokers can expect to pay \$1 a pack more in taxes. Combined with about a 4 percent increase on other tobacco products - excluding cigars - the move is projected to generate another \$650 million a year by 2008.

A new tax on used cars will be based on 80 percent of the average retail value as established by nationally used guidelines such as with the "Blue Book." This provision goes into effect October 1, 2006 and is expected to add \$42 million per annum to state coffers.

Part of the state's revenue surplus - estimated at \$8.2 billion in May - will be used to pay the difference between the tax cuts and money needed to fund schools.



Teacher pay raise? Yes! What they deserved? No! Could we do more? Yes!

We knew that to attract and retain qualified teachers and to make good on promises, it was a must that a pay raise be a part of any school finance bill package. Even though the approved teacher pay raise was not what many of my fellow lawmakers and I were attempting to provide, teachers will receive an across-the-board \$2,000 increase. Add to that, the restoration of \$500 of the \$1,000 health benefit stipend we were forced to cut during the 2003 budget shortfall. In addition, another \$360 million for teachers is tied to student performance and campus-based incentives.



Improving student achievement and graduation rates

A newly created High School Allotment will dedicate an additional \$275 per student to combat this state's alarming problem that sees only one-third of students who enter ninth grade go on to graduate. For this effort, \$1 billion will be spread over three years beginning this fall. And when classes start in 2007, all Texas high school students will be required to take four years of English/Language Arts, math, science and social studies. New law requires curriculum for students grades K-12 to be aligned and focused toward college readiness. In addition, beginning Fall 2007, all Texas public schools will open on the fourth Monday of August under the new uniform start date.



The bottom line: Pay me now, or pay me later!

For all the fervor, those expecting a savings windfall may soon be disappointed. For Fall 2007, a homeowner whose property is valued at \$150,000 can expect to pay about \$750 less in taxes. However, those savings may be short-lived. The 4 cents that school districts can reclaim will cost that \$150,000 homeowner about \$50. And analysts say that by 2009, the new state tax package will generate about \$2.5 billion less than what is needed to pay for the property tax cut.

What happens if the state's economy crashes like it did post-Sept 11, 2001 or following the oil bust of the 1980s? I was especially disappointed when the majority of the

COMMUNITY INITIATIVES

Legislature voted to dedicate all new tax dollars generated by House Bill 2 to be spent on property tax relief until the one-third cut is achieved. After that, two-thirds of new tax dollars will go to property taxes. The remaining third will help pay the supplement to property-poor districts.

With the decision to tie new tax revenues to fund tax cuts, what will happen when Medicaid, the Children's Health Insurance Program (CHIP), child or adult protective services, the Texas Department of Criminal Justice, or demand for any other vital state service requires additional funding to adjust for future growth?

Our choices will be to cut services or seek an increase in the state sales tax that's already among the country's highest. So expect to see another search for new revenue sources and another discussion on legalized gambling. We could be saying good-bye to our beautiful, but neglected state parks, and expect college tuition and housing to rise even more.

All things considered, how much will that property tax cut really cost?

Urban Redevelopment

- SB771 could prove a boon to cities

Over the past twenty years, Downtown Dallas has suffered from declining occupancy, resulting in vacant buildings and a shrinking tax base. In working with the City of Dallas, I was able to pass SB771, a bill that will create an environment that will serve as a catalyst for future redevelopment.

The Downtown Connection TIF district is the first venture by the City of Dallas that implements the new tools created by SB771 and the Mercantile Block was the first project approved under this legislation. It focuses on the old Mercantile Bank complex, the Continental Building and the Atmos Energy buildings, infusing the area with a potential project investment in excess of \$100 million. Vacant for approximately 15 years, the area represented a hole in the core of downtown that was not conducive to the planned transformation of Downtown Dallas into a retooled economic engine.

On October 5, 2005, the City of Dallas entered into an agreement with Forest City Developers to proceed with the redevelopment of the Mercantile Block into an estimated 532 residential units and approximately 50,000 square feet of retail space.

The goal for Downtown Dallas is the creation of over 10,000 units of housing inside the I-30/I-45/Woodall Rogers Freeway loop. Currently, projects planned for the area include 4,000 units within the Downtown Connection TIF District, which brings the total number of downtown housing units to approximately 7,860. Long term plans call for an additional 1,900 units to be constructed on 63 acres now occupied by vacant surface parking lots within the TIF.

Historically, Texas cities have been able to use what are known as 4B funds to stimulate economic development. However, restrictions prohibited the use of 4B funds to promote retail-oriented businesses. During the 79th Session, I passed legislation that now allows landlocked cities such as Duncanville the ability to help develop or expand retail-related business projects.

As a result, in August this year, a new \$15 million, 149,000 square foot Costco Warehouse Store opened on U.S. Highway 67, bringing with it more than 200 new jobs and projected sales in excess of \$100,000 annually.

These new tools were also able to attract The Villages of Duncanville, a new, \$30 million mixed-use development that includes a multi-family residential development, a financial institution, retail venues, a five-acre park and walking trails - in addition to attracting more new jobs.



Center -- 97.9 FM "The Beat" host and comedian Rickey Smiley, Sen. West and area students following Dallas City Hall *It's About Our Community* press conference.

It's About Our Community

Last fall, incidents of unprovoked and senseless violence following area athletic events by a small number of youth raised awareness of what had been a simmering problem.

In response to these incidents and the possibility of future violence, a committed group of individuals including elected officials, area superintendents and school board presidents, law enforcement representatives, the faith-based community, business and chamber leaders began meeting to create a pro-active, holistic approach to promoting education, eliminating youth violence at school and in the community, and enhancing the quality of life for Dallas County students and residents.

Violence is not the focus of ***It's About Our Community***. Student achievement and citizenship are the program's cornerstones.

But as a component of ***It's About Our Community***, we have partnered with regional law enforcement representatives to combat youth violence and gangs. A special thank you is due Duncanville Police Chief Jack Long who served as point person, along with police chiefs from Dallas, Cedar Hill, Cockrell Hill, DeSoto and Lancaster, Dallas County Constables, school district police departments and the Dallas County Sheriff's Department, in creating a region-wide intelligence sharing network to address youth-related criminal activities.

Revamped campus-based Crime Stoppers programs will gather information on juvenile/gang related criminal activities on a regional basis. The Duncanville business and civic community has pledged \$10,000 toward a fund that will allow us to provide rewards for information. Other cities' pledges are forthcoming.

This past school year, we provided incentives to students for signing on and complying with the ***It's About Our Community*** program and will add more incentives for this year. One of those incentives is the opportunity for summer employment.

Students are required to sign Contracts with the Community, meet the criterion set by their districts, and attend an orientation and job fair.

Through a grant from the Governor's Office, Work-Source for Dallas County received \$215,900 to provide summer internships and pre-employment preparation for 300 youth.

Approximately 400 students from the Cedar Hill, DeSoto, Duncanville and Lancaster school districts were employed by local and regional companies this past summer for six weeks at a minimum pay of \$6.50 per hour. They worked in various industries from retail to municipal offices, to fast food restaurants, to corporate offices.

COMMUNITY INITIATIVES

It is my belief that “an idle mind is the devil’s workshop.” As such, we have provided options to students to help build work ethics and academic goals that will last a lifetime.

We hope that you’ll share in this opportunity to support ***It’s About Our Community*** by inquiring about your child’s school’s participation, as well as soliciting or providing jobs for next summer. Our children are our future and our future is now!



The first permanent building for the University of North Texas at Dallas will open for class in January of 2007.

THE BRIDGE from UNT Dallas Campus to the University of North Texas at Dallas

The dust is clearing and in its place stands the first permanent building on the campus of the University of North Texas at Dallas, located at Houston School and Camp Wisdom Roads. The “topping out” ceremony, acknowledging placement of the building’s final girder was held March 9, 2006. It was witnessed by a distinguished gathering of public officials and leaders from the North Central Texas and the Best Southwest communities.

The \$25 million, state-of-the-art building sits majestically on the 264-acre UNT at Dallas campus site and when completed in December 2006, will boast a 75,000 square foot academic and administrative facility that will serve as a higher education magnet and economic catalyst for the entire North Central Texas region.

Beginning this fall, UNT Dallas Campus will offer new undergraduate degree programs in accounting, finance and marketing, and post-baccalaureate degree programs in bilingual education and English as a Second Language added to the expanding list of degree programs.

Dallas Campus administrators are in the process of recruiting and hiring 18 new full-time faculty positions that when completed, will increase to 24, the number of full-time faculty members assigned to the UNT Dallas Campus.

Phase 1 of the Academic Plan was approved by the UNT Board of Regents in May 2006. Under the plan, the campus will open as a four-year institution at the start of the 2009-2010 academic year with an initial freshman class of 200 students.

We are well on our way to reaching the enrollment threshold of 1,000 full-time equivalent students needed to operate as a general academic teaching institution. The Spring 2006 enrollment headcount was 1,487, which equals 560 full-time students. The Fall 2006 enrollment goal of 1,769 students equals 755 full-time equivalent students.

The UNT Dallas curriculum will focus on the five educational clusters of Business, Education, Technology and Information Management, Public and Human Services, and the Life Sciences.

Proposed centers of excellence for the University of North Texas at Dallas include an Honors College, an Institute for Environmental and Urban Studies, a law school and Leadership Institute. Dialogue is ongoing for consideration of a College of Pharmacy. When the University of North Texas at Dallas reaches 1,500 fulltime students, the UNT System is authorized to issue \$25 million in bonds for the second academic building.

Senate Finance begins work on FY08-09 budget

The Senate Finance Committee will soon begin its preparation for the upcoming 80th Legislative Session. All state agencies must submit a Legislative Appropriation Request prior to each session and Senate Finance will begin holding hearings on those requests in September. These hearings give the Legislature and agencies a first look at Texas’ future needs.

This process will be even more important this year because the Governor and the Legislative Budget Board have instructed agencies to reduce their requests by 10 percent from their FY06-07 budget. Many State agencies suffered severe reductions during the FY04-05 budget cycle and did not recover fully during the FY06-07 cycle.

If you would like more information on the budget process, you can find it at the Senate Research Web page at: http://www.senate.state.tx.us/src/pdf/Budget101_2005.pdf

Temperatures rise over high utility costs

In July, I joined fellow Democratic legislators, the Office of Public Utility Counsel, ACORN, AARP and other consumer groups in urging the Public Utility Commission (PUC) to enact a statewide ban on electric utility cutoffs for the remainder of the summer months. As many Texans endure extreme hot weather conditions, higher utility rates are making customers keenly aware of the costs of staying cool.

In response to public outcry, the PUC approved a temporary moratorium, that upon customer request, prevents electric providers from disconnecting services through September 30. Effective immediately, senior low-income, low-income and residential “critical care” customers must call their service provider and give notice of their inability to pay their electric bill. Upon approval, the service provider will inform those eligible of the applicable extended deferred payment arrangement.

Customers in all instances must still make a partial payment on their monthly utility bill. Customers who receive payment deferrals are encouraged to pay as much as possible toward utility bills to avoid incurring even larger balances later on.

(Residential critical care customers are defined as those for whom disconnection would pose a life-threatening situation. A family of four who earns less than \$20,000 annually is generally accepted as low-income. That figure is \$9,800 for a family of one.)

In the aftermath of the widespread destruction to the Gulf Coast region caused by Hurricanes Katrina and Rita, energy providers requested and received a 24 percent rate increase. Since then, according to the Office of Public Utility Counsel, Texas customers are paying 24-45 percent more for their electric service.

For other Dallas County residents struggling with high summer electric bills, assistance is available through Dallas County Health & Human Services. Call 214-819-6001 or 214-819-1848. Assistance referrals are also available by dialing 2-1-1.



Front row, l to r, Sen. West, Carol West, Rev. Al Sharpton - National Action Network, Dr. Frederick D. Haynes III - Pastor Friendship West Baptist Church, Lajuana Barton - Sen. West's Chief of Staff pictured with Dr. Emmett J. Conrad Leadership Program interns and alums.

Growing our own leaders - The Dr. Emmett J. Conrad Leadership Program

Since 1993, the Dr. Emmett J. Conrad Leadership Program has provided more than 1,500 students from District 23 the opportunity to acquire paid internships in their majors and expand their marketability, career choices, and leadership abilities. The program celebrated its 14th Class in 2006, with 55 employment sponsors and 135 interns.

Students must meet required application deadlines and adhere to all program criterion. In addition, the students selected MUST participate in a mandatory orientation, character building seminars and community service projects. Placement is not guaranteed.

To be considered, applicants must be enrolled in a 4-year college/university and be a resident of Senate District 23 which includes parts of Cedar Hill, Cockrell Hill, Dallas, DeSoto, Duncanville, Hutchins, Lancaster and Mesquite. Students must maintain a 2.25 cumulative GPA and provide two current letters of recommendation, a professional resume, community service documentation within the last six months, and a 250 word essay.

The next application cycle begins November 2006. The submission deadline is January 16, 2007.

Higher Education's Challenge

As in the case of most areas of state government, where agencies are forced to compete for thinly spread resources, the majority of issues facing higher education are money issues. But as we all know, there's a limited pot of money, and Texas does not have enough to meet 100 percent of our students' and institutions' needs.

With limited state funding, colleges and universities are forced to meet their financial needs through private and other external sources. The result manifests itself in increased tuition, housing and other costs related to providing or obtaining the goal of a college degree.

This interim, The Senate Subcommittee on Higher Education, which I chair, has been focusing on the following charges:

- Study the impact and costs associated with distance learning on traditional higher education.
- Study the cost of education at public institutions of higher education, specifically, tuition deregulation, student fees, and improving student access to education.
- Study what impact any changes to the percentage

requirement of the Top 10% Law could have on students currently in the educational pipeline.

- Monitor the progress of the Closing the Gaps goals and recommend any legislative action needed to ensure we stay on target to meet the goals by 2015.
- Study the relationship of College of Education coursework on teacher effectiveness and student performance.

Joint Charge with Senate Finance Committee:

- Monitor changes made during the 79th Legislature, Regular Session, to adjust higher education funding formulas by adopting a cost-based formula matrix.

Children's Health Insurance Program

There has been much discussion, criticism, and yes, maybe some degree of suffering involved since the Legislature's decision to overhaul eligibility and enrollment guidelines for the state's Children's Health Insurance Program (CHIP) in 2003.

Admittedly, Texas government was in the throes of a \$10 billion budgetary shortfall, the aftermath of the economic fallout related to Sept. 11, 2001. But in cooler deliberation, I must ask myself, did these actions truly reflect the will of the citizens of Texas?

CHIP was designed to provide health care coverage for children whose parents or parent earn too much money for Medicaid, but not enough to afford private or employer based health care coverage: in other words, the working poor.

CHIP targets families who earn from 100 to 200 percent of the Federal Poverty Level (FPL). At 100 of the FPL, a family of four can earn a maximum of about \$20,000 a year in Texas. At 200 percent FPL that same family could earn a maximum of \$37,700 annually to remain eligible for CHIP coverage.

CHIP was authorized by the Legislature in 1999 and began enrolling kids in Summer 2000. The program was considered a tremendous success two years later when it reached an all-time high enrollment of more than 529,000 Texas kids in May 2002 with a disenrollment rate averaging around 4-5 percent.

Changes included service cuts, the creation of a controversial assets test and shortening the enrollment period from once per year to every six months. By May 2004, there were less than 366,000 kids on state CHIP rolls and disenrollment was more than 9 percent. As of August 2006, report show just 295,300 children on CHIP rosters.

I'll do the math. That's nearly 234,000 less poor Texas kids receiving state insurance coverage. National reports show Texas at or near dead last when it comes to providing health care for children. I ask again, is this really what the people of Texas want?

What happened to these kids? There's the possibility that many families may have bettered their circumstances sufficiently to access private sector coverage. But we know that kids miraculously didn't just stop getting sick. These kids, minus preventive and routine doctor visits, show up at county hospitals and emergency rooms, driving up the cost for uncompensated care that falls back on us as taxpayers.

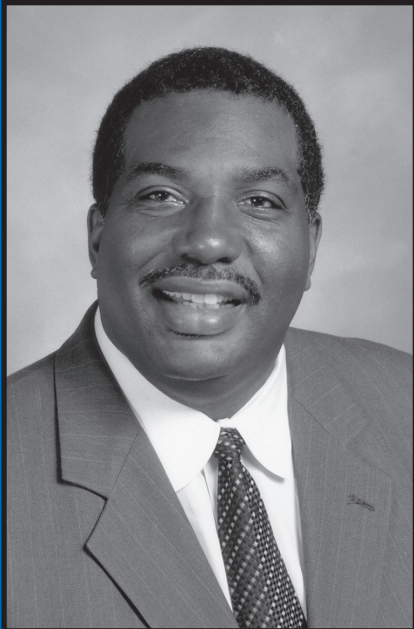
The 2005 Legislative Session saw the restoration of dental coverage to CHIP provisions. Maybe, just maybe, 2007 will see compassion restored for needy Texas children. It can happen if the public demands it from its elected officials.

Senator Royce West

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Governor Royce West * Save the Date* Nov. 18, 2006



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HELPFUL TOLL-FREE NUMBERS

Texas Performance Review Hotline	1-800-531-5441
Child Find/Missing Children	1-800-426-5678
Abuse Hotline (Children, Elderly, Disabled)	1-800-252-5400
Voter Registration, Elections Information	1-800-252-8683
Drug Abuse Hotline	1-800-662-4357
AIDS Hotline	1-800-342-2437
State Sales Tax Information	1-800-252-5555
Suicide Prevention/Crisis Intervention	1-800-643-1102
Governor's Assistance Line	1-800-843-5789
Assistance for the Blind	1-800-252-5204
Child Support Enforcement	1-800-252-8014
Texas Crime Stoppers	1-800-252-8477
Crime Victims Compensation	1-800-621-0508