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# New Directions for Texas

For years, many have attributed the prosperity of Texas and its good business climate to luck—the presence of enormous deposits of oil and natural gas—which have fueled our economy and paid a substantial share of the cost of our state and local government. Reduced growth in the state's economy in the past few years coupled with the continuing softness of oil prices raise serious issues regarding the future of Texas.

- What will happen to our economy as oil and gas reserves are depleted?
- Has Texas arrived at a point where its economy will look more and more like that of the nation, thus subjecting us to the economic dislocations and social problems so familiar in other states?
- Will the rapid in-migration, changes in the population composition, and increasing urbanization of Texas alter attitudes, weaken the commitment to fiscal conservatism, and intensify the divisions within our society?
- Can Texas government cope with the demands generated by growth, in the face of a likely decline in severance tax revenues, without imposing major new tax burdens on businesses and individuals?

Faith in the state's economy and in the capacity of Texas to maintain a good business climate and fiscally responsible government has been deeply shaken by the experience of recent years. Events have conspired to bring our state to a turning point—a sea change which promises to send us on uncharted and potentially perilous waters. Structural changes underway in the state's economy have serious implications for the private and public sectors in Texas.

Decisions made in the next few years will set us on a new course. The effects of these decisions will be with us for years to come—impacting our lives, our businesses, and the future our children will inherit. The prospect for oil prices over the next decade is an appropriate starting point for exploring these new directions for Texas.



*New Directions for Texas* was the keynote address given by League President Jared Hazleton at the May 9, 1985 Board of Directors meeting in Fort Worth.

## The Future of Oil Prices

As a recent issue of the *Wall Street Journal* pointed out, oil is the linchpin of the Texas economy. A one dollar change in the price of a barrel of oil can cause a \$3 billion swing in the state's economic output. An econometric model developed by the Bureau of Business Research at the University of Texas at Austin indicates that if the price of oil remains at the current level, the Texas economy will inch forward. However, if the price were to fall to the \$20 a barrel range, the state's economy would be mired in a deep recession. On the other hand, if the price of oil were to

rise to the level of \$33 a barrel—an unlikely prospect in the immediate future—Texas once again would enter a period of strong economic growth similar to the decade prior to 1982.

## A Decade of Incorrect Forecasts

Given the critical importance of oil prices to our state's economic future, it is tempting to get out one's crystal ball and try to see what lies ahead for the petroleum industry. Some wag has observed that forecasting is extremely difficult—particularly when it concerns the future! Our experience with oil price forecasting serves to make astrology look respectable—witness the fact that such forecasts have been consistently wrong for the past 15 years!

Cambridge Energy Associates and Arthur Andersen and Company in their recent publication, *The Future of Oil Prices: The Perils of Prophecy*, spell out in some detail the dismal record of oil price forecasters and the immense difficulties of making such projections now.

Prior to 1971, forecasters assumed excess production capacity, government allocation of production, growth of reserves outside of the United States, falling supply costs, and strong and steady growth in demand would cause oil prices to remain flat for the coming decade.

With the rise of OPEC activism between 1970 and 1974 came the recognition that oil prices were likely to rise—a conclusion that was underscored by the success of the Oil Embargo which accompanied the 1973 Arab-Israeli War. Posted prices jumped from \$3 a barrel to almost \$12 a barrel. The response of the North American and Eu-



ropean forecasters to this First Oil Shock differed markedly:

—North American forecasters predicted that OPEC would not last and that prices would soon decline to the \$6 to \$7 a barrel range in the next few years; while their

—European counterparts took a much more pessimistic outlook, assuming not only that OPEC was here to stay but that supply and demand would not respond quickly to rising prices; thus, oil prices were projected to move steadily upward.

By 1977, the European and North American perspectives had converged to produce a new consensus forecast on oil prices. OPEC was indeed here to stay. In addition, it was projected that non-OPEC supply would not expand, domestic oil exploration prospects would remain poor, and demand would continue to expand—bumping up against supply constraints by the mid-1980s—resulting in steadily rising prices.

One reason behind the expectation that OPEC would fail was that conventional economic theory holds that even when members of a cartel have identical cost curves, the cartel is doomed to failure because some member always would be compelled to cheat—to sell below the cartel-set price. However, conventional economic theory assumes that cartels are made up of profit-maximizing firms, not countries. OPEC behavior turned out to be quite different from that predicted by economic theory.

However, in 1978 and 1979, the world oil industry was shaken by events in Iran and the Second Oil Shock sent prices skyrocketing upward. This resulted in a revised consensus forecast. Assuming that OPEC was firmly in the driver's seat, continuing problems in developing supplies from non-OPEC sources, and ever-expanding demand, forecasters projected a 2 to 3% annual growth in real oil prices into the 1990s.

In retrospect, it is difficult to see how analysts could have so blithely accepted this seemingly-perpetual suspension of the basic laws of supply and demand. A first course in economic theory teaches that though supply and demand are inelastic in the short-run, in the long-run they exhibit great elasticity. The higher prices of the 1970s should have been expected to result in expansions in supply and contractions in demand. This is in fact what happened.

The buoyant forecasts of 1980–1981 led to an estimated one half trillion dollars of new investment in the oil industry. But even as this investment went forward, the very optimistic forecast on which it was based began to be undermined, although it was not until 1982 that the growing surplus in world oil markets became evident. Two principal factors accounted for this surplus:

—Energy demand had proven to be much more sensitive to rising prices than anyone believed possible. By 1983, energy demand was 13% below the level of 1979—oil demand had dropped even more, by 18%.

—Non-OPEC supply of oil—principally from Mexico, the North Sea, and Alaska—had increased substantially in response to the higher prices. OPEC's share of free world oil markets slipped from 58% in 1979 to 50% in 1981 to 44% in 1982.

Other factors also helped to account for the emerging oil glut: the world-wide recession was much deeper and more protracted than expected; and a massive relative appreciation of the U.S. dollar sharply increased prices to European and Japanese consumers, further restraining oil demand and economic growth.

Faced with this increasingly apparent—if distressing—reality, forecasters

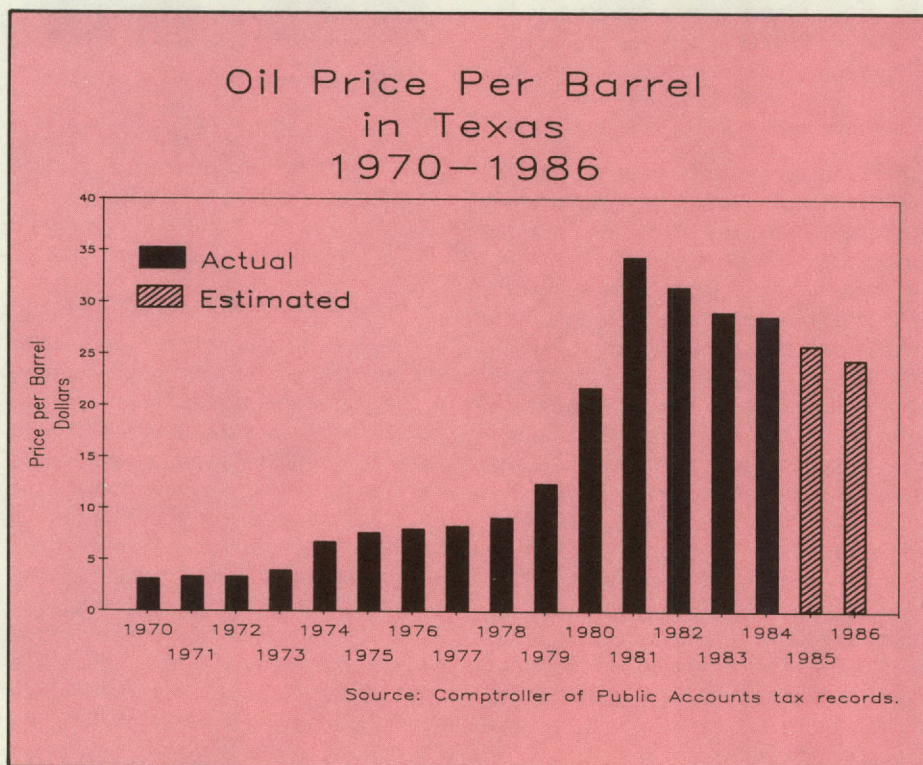
began to agree that the immediate trend of oil prices was down—not up. In 1981, oil price projections for 1990 centered around \$55 a barrel in 1981 dollars; by the end of 1982, price forecasts for 1990 had fallen to about \$35 in 1981 dollars. The five dollar a barrel cut in OPEC oil prices in March of 1983 merely served to recognize the changed situation.

### The Current Consensus on Oil Prices

The current consensus forecast of oil prices assumes that OPEC will weather the storm, but that it will be hard-pressed to maintain the price of oil at current levels. Non-OPEC supply is projected to continue to rise in the short-run—witness the new production being planned for Columbia—but peak in the late 1980s. Demand is projected to grow slowly even given the impetus of lower real prices.

The resulting pattern of oil price forecasts resembles a hockey stick—it reflects expectations of continuing price softening in the short-run and then an upturn as demand growth finally catches up with marketed supply. However, the projected rise in prices is expected to be moderate; real oil prices are projected to continue falling until 1990—and perhaps beyond.

While there is a consensus about the general pattern of oil prices over the





next decade, there are significant differences among forecasters on the degree to which oil prices will soften before firming and the timing of the upturn. Three principal factors underlie these differing forecasts:

- the projected supply from non-OPEC sources;
- the growth in demand for oil; and
- the capacity of OPEC to exhibit the kind of discipline required to prevent market forces from setting oil prices.

Of these three, the key factor is OPEC's reaction to the continuing softening of oil prices. It is widely believed that if market forces were unchecked, the price of oil would fall to the \$15 to \$18 a barrel range—perhaps farther. At \$8 a barrel, OPEC theoretically could supply the current level of demand profitably, given its low lifting costs.

The \$24-\$25 a barrel level of prices appears to represent an "anxiety" barrier. If prices are permitted to drop below this level, confidence in OPEC will vanish and in the ensuing scramble for markets, producers would drive down the price of oil to the next reservation level—which appears to be about \$15 to \$18 a barrel, the price level at which oil would begin to replace alternative fuels. Optimistic forecasts assume that OPEC will succeed in holding prices

above \$24 a barrel; pessimistic forecasts are predicated on the expectation that it won't.

While OPEC controls only about 38% of the free world oil market, if it is to sustain the current level of oil prices it must be willing and able to reduce its production below the quota levels of today.

With Saudi Arabia already producing at about one-third of its theoretical capacity—having borne the brunt of the more recent reductions in OPEC supply—the burden of shoring up oil prices likely will have to fall on other OPEC producers. It is interesting to note that only Saudi Arabia, Kuwait, Nigeria, and the United Arab Emirates have sufficient production capacity to physically increase exports by an amount sufficient to maintain their export revenues. The remaining OPEC members—including those strongly advocating stable or higher prices (such as Algeria and Iran)—are countries which have managed to negotiate production quotas not far below their producing capacity. Nor is OPEC likely to obtain much support from other quarters—Mexico and the North Sea producers do not appear willing or able to step into the breach.

OPEC discipline and statesmanship may be a slender reed on which to hang an optimistic view of the future. Of course, many other factors can impact future oil prices—interest rates, the

value of the U.S. dollar, the pace of economic growth at home and abroad, the oil trading policy followed by the Soviet Union, and the always-present potential for geopolitical disruption—to mention just a few.

In looking to the future, we have no choice but to recognize the limitations of our oil price forecasts—the uncertainty and volatility which is inherent in the future of oil. We must also recognize that for the first time in its history—in modern times anyway—oil is truly being traded as a commodity. About 30% of the domestic supply and a whopping 70% of the world supply is being sold on the spot market. An active futures market for oil has developed, as well. Like the prices of other basic commodities, oil prices are now affected by market forces, including expectations.

### Implications for Texas State Government

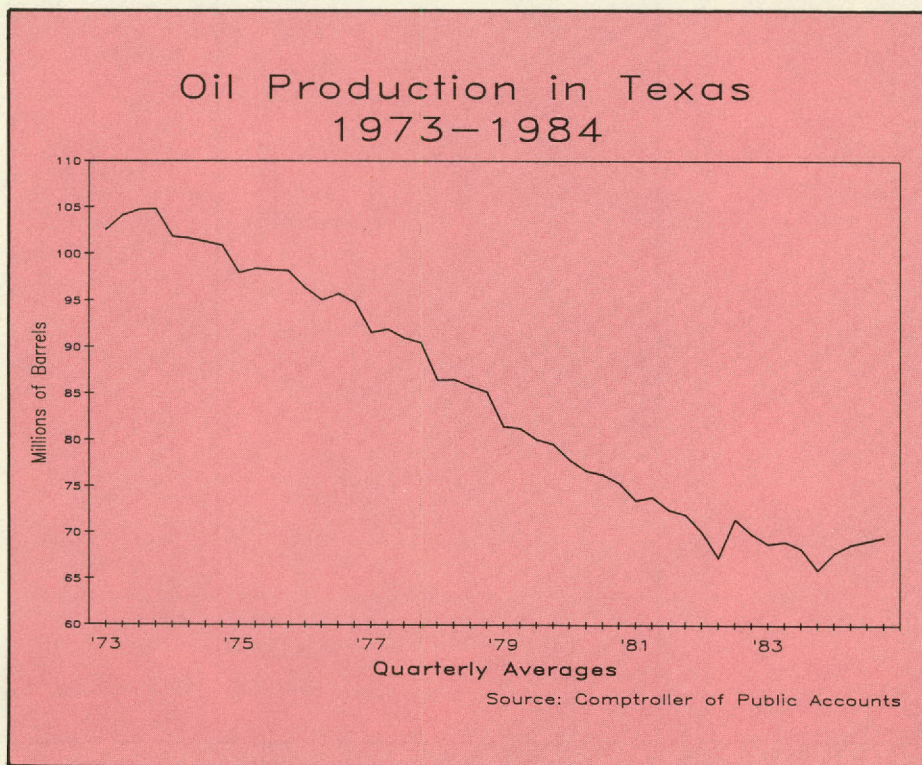
Those in the private sector have the difficult and challenging task of developing appropriate strategies for dealing with this uncertain and potentially volatile future. It is important to recognize, however, that these developments also pose significant implications for the public sector in Texas.

It is best for state and local public planning to be prepared for the worst. If events prove us wrong, it will be much easier and less painful to adjust to a more favorable picture than to deal with unanticipated crises. Even if one assumes that oil prices will stabilize in the \$27 to \$29 a barrel range in the next two years, it is clear that we cannot expect the oil and gas industry to continue to play the major role in the state's economy and in financing government that it played in the 1970s. It is highly unlikely that oil prices in constant dollars will exhibit much growth in the remaining years of this decade.

Given this outlook, it is fortunate that Texas government is proceeding in a cautious and responsible manner.

### The Revenue Estimate

In making his revenue estimate for the 1986-1987 biennium—which essentially caps state spending—Comptroller Bob Bullock is assuming that oil prices will average \$27 in 1985, \$25 in 1986, and \$24.15 in 1987. These forecasted prices are below those projected by the Bureau of Business Research at UT-Austin which foresees oil prices





averaging about \$27.50 a barrel for 1985, 1986, and 1987. However, the comptroller's forecast is in line with that of Professor Ray Perryman of Baylor who projects average oil prices of \$24.50 to \$25 a barrel over the next three years. I should note that Professor Perryman is a bit more optimistic than the comptroller on the resulting growth in the state's economy over the coming biennium. This is due to his belief that the shake-out in the oil industry already has occurred so future drops in oil prices would not cause the same shock to the Texas economy as resulted from the unexpected price changes of 1983-1984—I must confess that I don't share this optimistic view!

### 1986-1987 State Expenditures

The Texas Legislature and the state's political leadership are pledged to a no-new-taxes budget for the coming biennium. This too appears prudent given the uncertain oil price outlook. The legislature essentially is holding the line on state spending in areas other than public education (K-12), highways, and pensions. They are using increases in fees—especially tuition at the state's colleges and universities—to increase available revenue. For the most part these fee increases appear to be in line with the current costs of providing the affected state services. The tuition increase is particularly notable and long overdue.

The legislature is focusing on reducing waste in government and in trying to mitigate the rate of expenditure growth—which has averaged more than 25% for the past six bienniums!

### Looking To The Future

It is important to recognize that the prosperity of Texas in future years will depend much more on our human resources than on our physical resources. Texas is indeed fortunate to have had enormous reserves of oil and natural gas. This gave us a significant competitive advantage over states not having these resources. While large reserves of oil and natural gas remain in Texas, they are declining. Thus, Texas gradually is losing its competitive edge.

The emerging competition among states for new industry rests at least in part on the development of technology and its application to new and old areas of endeavor. Texas does not have a comparative advantage in brain-power—the resource base of the future.

In this area, we must compete on an even basis with other states.

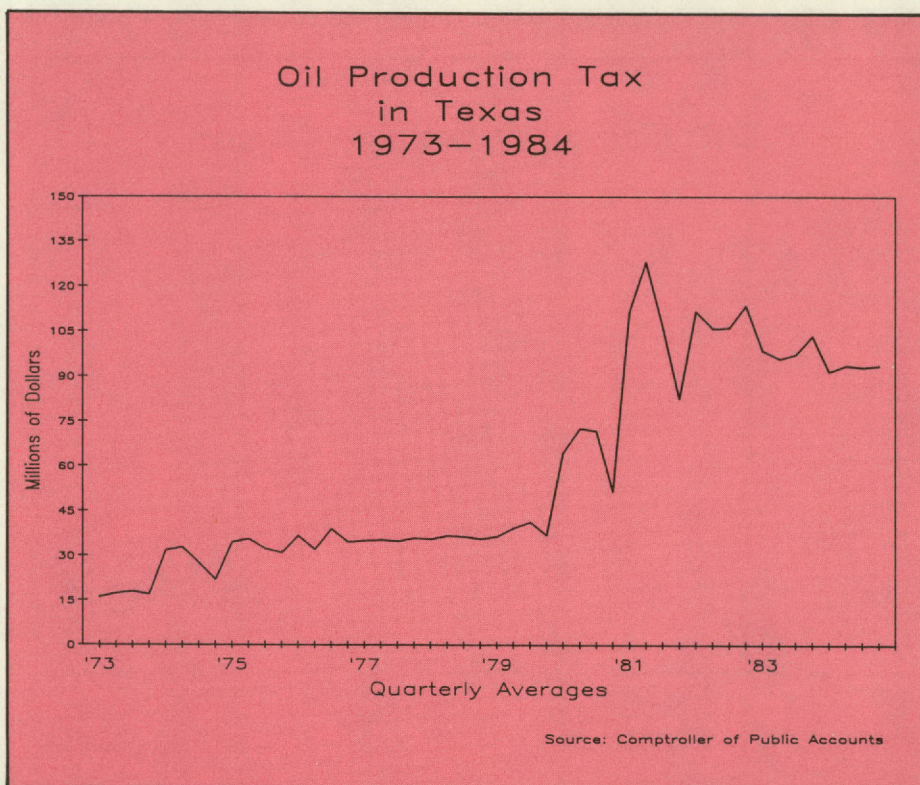
However, Texas is fortunate that it invested a good deal of the surplus state revenues of the past 15 years in public education—including the large increment in financing given to the public schools by the actions of the legislature last summer. It also invested large amounts of revenue in building a very strong public higher education system—establishing 35 senior colleges and universities and 48 junior colleges across the state. Due to the foresight of our forefathers in establishing the Permanent University Fund, we have a continuing basis for funding excellence at the University of Texas and Texas A&M University.

We need to continue to make these investments in human resources—in our public schools and in our institutions of higher education. Fortunately, the response to the recommendations of the Governor's Select Committee on Public Education—including the actions taken by the legislature in last summer's special session—indicates that Texans recognize the value of education and are willing to sacrifice to see that we continue to make improvements in our public schools. The strong response of the business community to the pro-

posed cuts in higher education funding early in this legislative session provides evidence that there is strong support for these institutions as well.

While our commitment to education should not waver, this does not imply that we should simply throw more money at the public schools and our higher education institutions without careful examination of how that money is being spent. We need to define institutional missions, set priorities, and measure and reward performance. Declining enrollments may argue for the closing of some of our state colleges and the consolidation of some of our school districts. We need to recognize that we cannot afford to build excellence across-the-board at colleges and universities outside of the University of Texas and Texas A&M University systems. This argues for careful definition of specific missions for these institutions geared to their market circumstances and individual strengths. In the area of vocational education—particularly technical training—we need to develop a coordinated system of service delivery to replace the present hodgepodge of efforts.

Of course, the future economic development of Texas also depends on our continuing to make other infrastructure





investments—in water, in transportation, and in quality of life improvements.

Put in stark terms, we must be cautious in our zeal to hold the line on state spending not to endanger the foundation on which our future prosperity rests. But we should not hesitate to demand accountability in the expenditure of public funds, nor should we shrink at the politically difficult task of setting priorities and eliminating duplication and waste.

### **Revenue Implications**

In all likelihood, the most difficult decisions we will face in the next few years will relate to state tax policy. Through careful control of expenditure growth, we can limit the demands placed on the state's treasury. But it remains to be seen if our existing tax structure—with its heavy reliance on oil and gas severance taxes—can generate sufficient revenue to meet even a reduced growth in state expenditures.

In looking for new sources of state revenue, we should keep in mind the twin tax policy goals of efficiency and equity. Reliance on user fees, where appropriate, meets both goals. Broad-based tax options are few in number—they include the sales tax, the corporate franchise tax, and income taxes. Public opinion polls indicate a strong preference for reliance on the sales tax and strong opposition to any form of an income tax.

It must be recognized that business pays a major share of all broad-based taxes. We estimate that business probably pays about half of the sales tax, for example. The corporate franchise tax and the sales tax on plant and equipment purchases must be paid by a business even if it is not making a profit. These taxes extract a relatively heavy

burden on new businesses.

Recent research shows that supply-side economics works at the state level as well as at the national level. States which impose substantial income taxes on businesses and individuals experience less economic growth than those which do not. Studies show that high personal income taxes act to retard entrepreneurship and the attraction of new business to the state.

In all probability the production of oil and natural gas in Texas has peaked. But the slope of the decline is in the hands of the Texas energy industry. Weakening the competitive position of the industry in any way would be the height of foolishness. What new industry is prepared to pay state taxes of more than \$3 billion and local taxes of \$1.3 billion as the oil and gas industry did in 1984? It is tempting to get more milk out of this particular cow, but it would be a mistake in terms of our future. The large investments required to utilize enhanced recovery techniques to expand our supplies of oil and gas can only be made by a profitable and healthy industry. We need to be encouraging oil and gas exploration—not asking the industry to bear a greater burden in financing government.

Most of us would prefer not to think about new taxes. But the business community has a large stake in seeing that tax burdens are equitably distributed among businesses and individuals, that taxes are structured to minimize the negative effects on entrepreneurship, and that economic growth is supported by a favorable business climate.

### **Conclusion**

The essential ingredient for ensuring the continued prosperity of Texas is

leadership. As in the past, the business community will be called on to support the courageous decisions required to set new directions for Texas. Given the importance to our future of public investments in education, water, transportation, and quality of life enhancement, many of the more important decisions will involve public policy.

The business community in Texas has a vested interest in informing the public of the implications of major tax and expenditure issues. An informed public is the best guarantee of equitable treatment for business and responsible government.

As in the past, the Texas Research League stands ready to assist by providing timely, accurate, objective, and practical research on major issues of public policy. At a recent meeting of our research committee, a League director commented that the role of the League is to generate light—not heat. It is a mission to which the League has been dedicated for more than 30 years.

It was never more critical to the state's future that this role be performed well.

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# New Directions on Old Issues

## Staff Report to the Board of Directors

May 9, 1985

**Research Analyst Sabrina Strawn opened the staff report with a discussion of how last summer's school reform package has again challenged state education funding.**



In the summer of 1984, the legislature passed measures hailed as the greatest school reform package ever. One change, among many, was an increase in the total foundation program funding, 51% from 1983 to 1985. However, Strawn noted one indication that the reforms may not have remedied all public school funding problems—the continuing Mexican American Legal Defense and Education Fund suit against the state. MALDEF is challenging the state-constitutionality of the public school finance system.

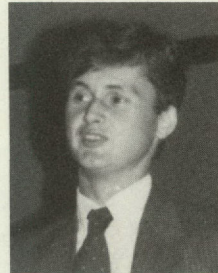
According to MALDEF, the system of finance which depends upon vastly-disparate local property tax revenues and an inadequate foundation program results in a denial of equal education opportunity.

While the 1984 reforms may act to increase equalization, reform efforts in the past have not. MALDEF claims that, last year, the 100 richest districts had 1.4% of the state's students, 8.7% of the taxable wealth, and spent \$5,500 per student. The 100 poorest had 12.3% of the students, 3.6% of the wealth, and spent \$1,800 per student. The League's research in this area has confirmed the past inequities in Texas' schools.

It is too soon to predict any possible outcome of the MALDEF case, Strawn said, but for decades observers have discussed various ways to enhance equalization. One method would be to implement completely an ideal foundation program, including aid for capital costs. Others have argued that any method of finance, such as the founda-

tion program, which relies on local tax ability and/or allows unlimited enrichment will be inherently unequal. Other equalization models such as percentage and power equalization could address these concerns.

**Providing a dependable supply of water for Texas' future will require a substantial state and local government investment, reported Research Analyst Jeffrey Cole.**



The Texas Department of Water Resources estimates the cost of meeting the capital requirements for water projects through the year 2030 at \$43.6 billion in current dollars. As a first step, voters will be asked to approve a constitutional amendment this November authorizing up to \$1.18 billion in state bonds for water and water-related projects.

The proposed constitutional amendment and companion legislation are the products of a compromise that has taken years to achieve. Debate over state water policy, sometimes bitter, has frustrated past attempts to reach a consensus on water legislation. The water package passed this time by the legislature contains provisions which are designed to meet the objections of those who have opposed comprehensive water legislation in the past. Nevertheless, objections to the proposals from environmentalists and from coastal fishermen nearly destroyed the compromise in the legislature and may play a deciding role in the November election.

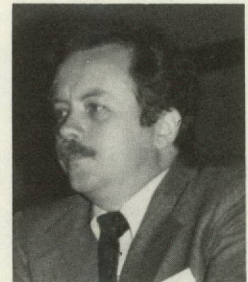
Among the key provisions of the water compromise: \$980 million in additional water development bonds; \$200 million in agricultural water conservation bonds (subject to legislative approval after a \$5 million pilot program is instituted); a \$250 million local

bond guarantee program; mandatory water conservation plans for recipients of state assistance; protection of freshwater inflows for the state's bays and estuaries; and strengthened provisions for groundwater regulation.

Two divisive issues were featured in the water plan debate. (1) Stronger protection of freshwater inflows to the bays and estuaries—home to many economically important species of fish and shellfish—were sought by coastal interests. (2) Groundwater regulation centered on the state's role in conserving groundwater resources. Texas law treats groundwater as private property and its use is not subject to state regulation. Proponents of an increased role for the state in groundwater regulation were defeated in their attempts to allow the state to mandate the creation of underground water conservation districts.

The ultimate decision on these issues and others, such as the advisability of using state bonds to assist agricultural conservation and state guarantees for local bonds, will rest with the voters this November.

**In spite of dramatic tuition increases enacted by the legislature, Texas residents still will be paying only a small fraction of the cost of their education, Research Analyst Terry Peters explained.**



For example, even after the tripling of resident academic tuition in the fall from \$4 to \$12 per credit hour, Texas' rates will be the third lowest in the nation and the tuition rate will recover less than 10% of total educational costs.

Two national commissions on higher education have recommended that tuition and fees recover one-third of educational costs. Assuming current fee levels and educational costs, it would take



a tuition rate of \$29 per credit hour in Texas to bring total charges to the recommended level, Peters said.

The new law will ultimately raise the resident tuition rate to \$24 per credit hour, but not until the fall of 1995.

In spite of the low tuition rates, however, Peters pointed out that figures on the overall cost of attending school compiled by the College Entrance Examination Board indicate that the typical cost in Texas is near the national average. The same study shows that the cost of attending UT-Austin is higher than the national average.

The tuition increase for residents still leaves Texas rates near the bottom in the nation, but it's a different story for nonresident rates. They, too, are tripled under the new law, but with much more dramatic results.

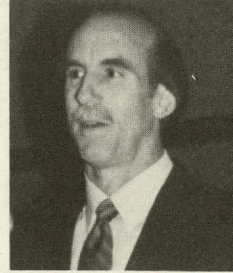
At the current tuition rate of \$40 per credit hour, tuition and fees for nonresidents in Texas are the lowest in the country. But when tuition jumps to \$120 per credit hour in the fall, total charges for nonresidents will cover the full cost of education (minus the cost of construction, major repairs and certain special items) and will rank fifth highest in the nation, Peters said.

The new law also will boost tuition rates for medical, dental, veterinary and law students. Nonresidents in all of these fields will pay four times the resident rate.

The tuition increases for resident law

students, who now pay the standard academic rate of \$4 per credit hour, will be larger in percentage terms but much smaller in dollar terms than for medical students. The resident rate will increase fivefold to \$24 per credit hour in the fall and then rise \$12 per credit hour each year until it reaches \$60 in the fall of 1988. Nonresident law students will pay \$150 per credit hour in the fall, up from the current rate of \$40.

**John Kennedy concluded the staff reports with a brief review of the status of some of the major bills impacting state finances.**



With only eighteen days left in the regular session, Kennedy said, the legislature has yet to reach agreement on the general appropriations bill and a package of "revenue enhancement" bills to raise required revenues.

The Senate and House each have adopted appropriations bills totalling more than \$36 billion; however, the Senate version totals almost \$400 million more than the House bill. There are hundreds of differences between the two bills, but the two major differences in dollar amounts involve state employee pay increases and funding for

higher education.

Contingent on passage of certain revenue bills, the House appropriations bill authorizes a pay raise of up to 3% per year for state employees, at an estimated cost of some \$260 million. The Senate bill includes no state employee pay hike.

In contrast, the Senate bill proposes spending about \$140 million more than the House for higher education.

Particularly when policy issues are involved, some of the "minor" differences can prove to be as troublesome to resolve as those involving the big-ticket items. A conference committee is striving to iron out all these differences in time to avoid the need for a special session, Kennedy reported.

Neither version of the appropriations bill could be financed from revenues estimated by the comptroller to be available. Thus, a number of measures must be passed to generate the required additional revenues. Chief among these is an "omnibus" fee bill which proposes to increase dozens of state fees. A conference committee also is working to reconcile the separate fee bills which have been passed by both houses.

In essence, the size of the appropriations bill will be dictated by the size of the fee bill and/or vice versa. The interdependent nature of all these bills has made the budget-writing process during this session even more difficult and complicated than usual.

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# Welcome Summer Interns

Beth Ryshavy and Laura Stinson have joined the League staff for the summer as participants in the Alvin A. Burger Memorial Intern Program. Two interns who joined the staff in the fall, Diana Knobloch and Miguel Rodriguez (see the October 1984 issue of ANALYSIS), are staying on through the summer.

Ms. Ryshavy, a native of Plymouth, Minnesota, has her undergraduate degree in government from the College of St. Benedict in St. Joseph, Minnesota, where she graduated cum laude. She expects to complete two degrees in May 1986: a master's in government from UT-Austin and a master's in public affairs from UT's Lyndon B. Johnson School of Public Affairs.

For her intern project, Beth is doing an analysis of the franchise tax in Texas as compared to other states. She hopes to make her career in the area of policy analysis.

Ms. Stinson, from Lubbock, Texas, completed her master's in public administration at Texas Tech in May of this year. Her undergraduate degree in English and Anthropology is also from Tech. Between her undergraduate and graduate studies, Laura spent two years as a Peace Corps volunteer in the Philippines, where she designed and implemented a health care system utilizing native health care workers. For her intern project, she will be studying indigent health care legislation and policy.

Laura will enter Indiana University next fall to begin work toward her doctorate in empirical theory and policy analysis. After receiving her PhD. Laura plans to perform public policy research for a government or private institution.

The League's intern program was named in honor of Alvin A. Burger, the first executive director of the Texas Research League. The program has three objectives:

1. To give participating students some very practical research experience with a business-supported, nonpolitical, highly professional research organization;
2. To provide the League staff an opportunity to become well acquainted with a small group of potential League and/or government employees; and
3. To permit a limited expansion of League staff research capability.

Funding for the program, which is separate from the League's operating budget, is provided by foundations. Contributors to the current intern program are The Trull Foundation, Davidson Family Charitable Foundation, The James R. Dougherty, Jr. Foundation, Sid W. Richardson Foundation, Abell-Hanger Foundation, Hatton W. Sumners Foundation, Dodge Jones Foundation, The Don & Sybil Harrington Foundation, and the Simon & Louise Henderson Foundation.



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