



## "HOPE ON MAIN STREET"

October 17, 2008

"Imagine a day four years from now when every senior graduates as an 'El Paso Entrepreneur'—with real savvy in balancing check books, reading the fine print on credit cards, negotiating a home loan, understanding a college savings plan—knowing and using the key financial skills that matter in achieving stability and success."

**Written by** Senator Eliot Shapleigh, [www.shapleigh.org](http://www.shapleigh.org)

Today, in Texas, the annual interest rate on predatory loans is 1100 percent. More students file for [bankruptcy](#) than graduate from college. Savings rates are now at Depression-era levels.

Essentially, Americans now spend more than they make.

At the heart of today's meltdown are predatory rates in credit cards, home loans and payday loans. That's the story that has not been told in Texas newspapers. And much of this industry is headquartered in the [Dallas area](#), [Ft. Worth](#) and [North Texas](#).

In [Oregon](#), [Ohio](#), [Illinois](#), and [Arkansas](#), Governors and Attorneys General have fought back—with transparency, mandatory disclosures on interest rates and terms and solid caps to limit usury. Right now, there's a war on the street.

To protect a very lucrative trade in greed, the payday lending industry is on the offensive—most recently in [Arizona](#) and [Ohio](#). In Arizona, payday lenders are funding a campaign, called "Proposition 200," to limit restrictions on predatory lending. In Ohio, payday lenders are fighting "Issue 5," a ballot proposition to impose greater restrictions on payday lending—including a 28 percent interest cap.

After many states have cut and capped interest at only 36 percent, the predatory lenders are battling back to keep rates that would make the money changers at the temple blush with shame.

Consumers can't pay—a \$300 payday loan becomes a \$3,000 burden within a year after all the fees, penalties and interest are added up. Home loans turn over every three years with adjustable rates—and what a paycheck once covered moves out of reach.

Then these loans are sold, and sold again so the cycle can continue. Some investment banks have leveraged their investments in these loans 30 to 1. These predators then take a healthy [CEO bonus](#), and start the cycle again.

Where once Main Street America ruled the world with hard work, great products and innovative ideas—now Wall Street is mainly known for aggressive ways to pick your pocket. Banks now make more off ATM charges, [bank drafts](#) and "penalties" than from earning your interest. In Texas, with [Phil Gramm's](#) help, pay day lenders have stripped away regulation so that they now charge 1100 percent interest per year. Even after taxpayers bought [80 percent](#) of AIG to stave off the insurance giant's bankruptcy, executives splurged [\\$86,000](#) on an English hunting trip and [\\$440,000](#) on an executive retreat. Old habits die hard.

In Europe, [Gordon Brown](#) has now called for a return to a system of "morals" in the market. When governments have to bailout a gilded age of greed with taxpayer money, elected officials can't risk hundreds of thousands of dollars in executive junkets on the taxpayer dime. So, what to do?

In Texas, our bills to regulate predatory practices are regularly killed by the predatory lending lobby in Austin—who dole out millions to the Governor, Speaker, lobbyists and committee chairmen. We can't expect that to change this election cycle. But, we do have hope—the "[Invest in the American Dream](#)" conference.

If in the absence of any state leadership, each Texas community can educate a generation on how best to navigate financial waters, save money, buy a home the old fashioned way, with a 30 year fixed interest loan that is never more than 20 percent of pay, then we return our state and nation to sound financial foundation—one family, one neighborhood, one community at a time.

Imagine a day four years from now when every senior graduates as an "El Paso Entrepreneur"—with real savvy in balancing check books, reading the fine print on credit cards, negotiating a home loan, understanding a college savings plan—knowing and using the key financial skills that matter in achieving stability and success.

Imagine if we open 50,000 new savings accounts—with sixth graders, first day soldiers and new immigrants.

Imagine if small business here fights their way to a piece of the Ft. Bliss pie—and out of it comes the next Mc Kee Construction Company or Loya Insurance Company.

Keep the faith—in Texas today, we can't regulate, at least today. But we can sure educate. Our destiny is our own responsibility—and change is on the way.

Please join us in El Paso for "[Invest in the American Dream](#)"—and help us put hope back on Main Street.

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From the Senator's Desk . . .  
October 9, 2008

**Written by** Senator Eliot Shapleigh, [www.shapleigh.org](http://www.shapleigh.org)

***"Voila! Problem solved"***

What would health care look like under Governor Grover Norquist? In Texas, we already know.

For several weeks now, we have detailed how Norquist's philosophy has touched every Texan. Norquist is the one who famously said, "[m]y goal is to cut government in half in 25 years, to get it down to the size where we can drown it in the bathtub." Far too many Texans—who desperately need quality health care—are now in Grover's tub.

In 2003, Governor Rick Perry intentionally kicked 200,000 Texas children out of the Children's Health Insurance Program (CHIP). Then, he went to the Bahamas with Grover Norquist to brag about it. Rather than cover eligible children through CHIP, Gov. Perry sent a total of \$913.4 million back to the federal government from 2000 to 2006.

CHIP is funded by a combination of state and federal dollars. Unlike Medicaid where the costs are more equally divided, the federal government pays for the majority of CHIP. In fact, for every total \$1 spent on CHIP, the federal government pays 73 cents while the state pays the remaining 27 cents. So, instead of using the nearly \$1 billion that the federal government set aside for Texans to expand CHIP to cover as many Texas children as possible, Gov. Perry sent your taxpayer dollars back to the federal government so that other states like Illinois could cover all of their children.

The consequences of Norquist's philosophy aren't limited to children. The ranks of uninsured workers include Texans like Katonya Price, 26, who suffers from severe allergies but can't afford the health insurance premiums at the building supply company where she works. So, she constantly cleans and dusts her Houston home hoping to control the germs and allergens. There's also David Grose, a welder with cancer who traveled by bus 300 miles to one of the nation's premier treatment centers, only to be turned away because he didn't have insurance. These workers simply earn too little to buy private health insurance, but too much to qualify for public health insurance. In fact, in Texas, public health insurance is virtually non-existent for working-age adults. Only extremely poor parents who earn less than \$3,000 a year can qualify for Medicaid.

By any measure, Texas is now "the ground zero of health care in America." In 2005, the Texas Comptroller studied coverage in every Texas city and reported that not a single Texas city met the national average in citizens covered with insurance—not Austin, not Dallas, not Houston. Moreover, Texas has 1.5 million uninsured children, more than any other state in percentage and total number. In Houston alone, Mayor Bill White estimates that 1.1 million Houston residents have no health insurance at all.

Today, even Texans with insurance can't afford the bill. Almost half of all bankruptcies filed in America today are the result of medical debt. What's surprising is that most of these bankruptcies are filed by those who had health insurance but were "underinsured." In fact, a recent study released by the Center for Studying Health System Change estimates that 89 percent of Americans who are having problems paying their medical bills million are insured—about 43 million Americans.

Norquist's philosophy is the policy foundation for statewide elected officials like U.S. Senator John Cornyn. Despite the fact that Texas has led the country for years as the state with largest uninsured population, Senator Cornyn stated, "[w]e have created greater access to quality health care in Texas... [s]o, you have to understand what I mean when I say I want to make Washington, D.C., and the rest of our country more like Texas [because], frankly, we know the policies that actually work."

In Texas, 3 to 5 percent of Medicaid dollars are spent on overhead while the rest is used to deliver direct health care. Compare this with the 29 percent private insurers spend on administrative costs, which include denial management. In other words, insurance companies hire more and more people to deny the claim that the hospital or doctor sends, who then send it to you.

What's more, from 2001 to 2005, health insurance premiums for Texans rose by 40 percent—the third highest increase in the country. However, the median income for Texans only increased by 4 percent during the same time period. And this situation will only get worse, with rates projected to increase another 7.3 percent in 2009.

Why does every other industrialized democracy in the world have a single payer system? To keep overhead low, provide quality access at considerably lower cost, and put dollars into direct care rather than the pockets of insurance companies. The crux of the problem here is that current leaders are captive to the interests of the insurance industry. That's why under Senator McCain's plan, the \$2500 tax credit that an individual gets to buy health insurance goes directly to the insurance company, not you. In much of the U.S., Americans do not see this as an insurance issue—they see it as a human issue. Recent surveys indicate 82 percent of Americans believe "access to quality health care is a right, not a privilege." Moreover, a Pew Research Center poll from last weekend showed that 63 percent want "a government guarantee of universal health insurance, even if it means raising taxes."

The U.S. spends far more money per capita on health care than any other developed country—about 15 percent of our Gross Domestic Product in 2004. Despite these enormous expenditures, the U.S. ranks far worse in terms of infant mortality, cancer mortality, and heart disease mortality; Japan, Sweden, France, Germany, Italy, Denmark, Australia, Canada and the United Kingdom all fare much better. In fact, our infant mortality rate is about that of Croatia and Estonia.

What does this mean for Texans?

According to a 2008 Families USA study based on U.S. Census Bureau data, approximately 2,700 uninsured Texans of working age died because they didn't seek medical care. In other words, seven Texans a day died last year due to lack of health care. Further, auto manufacturers like Toyota, which just opened a \$1.2 billion plant in San Antonio, now carry as much as \$1200 more in health costs per American-made vehicle over and above costs on cars built in other countries. And here at home, more than a third of the children have no health insurance at all—making El Paso the least insured major city in America.

Failed leadership on Texas health care is increasingly shifting health care costs to local taxpayers at county hospitals and clinics at the highest possible emergency room rates. In Dallas, Parkland Hospital provided \$512 million in uncompensated care last year. In Houston, the Harris County Hospital District spent about \$436 million. In Texas, a \$4.00 ear ache now becomes a \$4,000 operation because state leaders have literally failed on care.

Why is Texas so far behind when it comes to providing basic health care to more citizens?

Because nowhere in America has basic hostility to responsible governance become so engrained and been so costly to working families. Recently John Goodman, President of the Dallas-based National Center for Policy Analysis and a top health care advisor to Republican Presidential Nominee John McCain and nearly every statewide Texas leader, recently reiterated this sentiment and offered this "solution": "The next president of the United States should sign an executive order requiring the Census Bureau to cease and desist from describing any American—even illegal aliens—as uninsured. Instead, the bureau should categorize people according to the likely source of payment should they need care. So, there you have it. Voila! Problem solved."

Voila! Unregulated health. Just another day under Grover Norquist.



Eliot Shapleigh

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From the Senator's Desk . . .  
July 24, 2008

**Written by** Senator Eliot Shapleigh, [www.shapleigh.org](http://www.shapleigh.org)

***"Don't Mess with Texas' Universities"***

"It's mighty reckless to mess with Texas." Many of us remember Johnny Dee & The Rocket 88's singing those now-famous lyrics when the "Don't Mess with Texas" campaign launched in 1986.

The message was clear—don't trash the Lone Star State. But today, over twenty years later, we know more than a few dared and some, sadly, succeeded.

These polluters didn't trash us with garbage on the road. They did it through a subtler, more complete way—through winner-take-all, scorched-earth politics. For over twenty years, these individuals promised honest, hard-working Texans one thing for a vote, and then gave us another.

What they gave us is failed government. As they lined their pockets with tax breaks and lucrative government contracts, they decimated state funding—and with irresponsible under-funding foster children would die; under-supervised youth prisoners would be sexually abused; the mentally handicapped would be neglected; property taxes would skyrocket; college tuition would hit an historical high; and the governor's mansion would burn down.

In 1960 Barry Goldwater said: "I have little interest in streamlining government or making it more efficient....my aim is not to pass laws but to repeal them." His line was repeated next by Ronald Reagan, then most recently by Grover Norquist, whose vision is even more vivid than all the rest: "Our goal is to shrink government to the size where we can drown it in a bathtub."

Well, Norquist ought to be proud of himself. He did it. We're drowning.

In agency after agency, irresponsible under-funding, repeated firing of career public servants, and consistent appointing of incompetent leadership have left entire departments fundamentally unprepared to govern and succeed against the challenges of a 21st century Texas.

So, let's talk higher education. With an expected population of 50 million by 2040, the future of our state will be defined by the education of our people.

Across the political spectrum nearly every thoughtful elected leader will say to his public that in a 21st century knowledge-based economy Texans must compete and that education is the key to competition, jobs and prosperity.

So, how do Goldwater's successors compete in higher education in Texas today?

One measure is the number of universities that have achieved Tier One status . While the term "Tier One" is not specifically defined, a total of \$100 million in annual research expenditures is often cited as the benchmark. Based on a report from the Center for Measuring University Performance, the largest U.S. state, California, has eight Tier One public universities that serve undergraduate students. Texas, the second largest state, has only two: UT-Austin and Texas A&M.

How did this happen? In 2003, Tom Craddick and others decided that the best way to address a state budget deficit and deliver an enormous tax break to the wealthiest Texans would be twofold: the elimination of Texas' inheritance tax and higher education tuition deregulation.

Back then, millionaires paid the Texas inheritance tax, which is a "pick up" tax on the federal inheritance tax. Thus, instead of having a distinctly separate inheritance tax, Texas piggy-backs on the federal version, and the tax due to Texas is equal to the federal credit allowed for state inheritance taxes paid. This system takes advantage of the federal credit to reallocate part of the total tax from the federal government to the state. Under this system, in 2002, Texas millionaires delivered over \$334 million to the Texas treasury.

At the federal level, however, George Bush led a successful effort to phase out the inheritance tax, which left a big hole in the Texas budget. Other states chose to protect themselves from the immediate and large revenue loss by choosing not to conform to the federal change by decoupling the state inheritance tax from the federal version.

Decoupling from federal inheritance taxes would have protected Texas against the loss of a steady and sizable revenue stream since, unlike other tax revenue streams, the inheritance tax and other estate taxes are fairly consistent and not subject to the ups and downs of the economy.

As Texas is heavily reliant on the varying revenue generated by the regressive sales tax, it is particularly important to protect the revenue streams that are consistent and progressive. Despite these advantages, repeated efforts to decouple the inheritance tax have been buried by Republican leadership.

With over \$300 million suddenly moved from Texas' coffers to the pockets of the wealthy, Craddick and Perry had to do something to balance the budget. Enter tuition deregulation. Under this new idea, tuition would be deregulated, set by individual institution's Board of Regents, and float to the level that the market might bear.

What has been the result of tuition deregulation?

Skyrocketing prices to Texas' students and their families. From fall 2003 to fall 2007, total academic charges at UT-Dallas have gone up 66 percent; at UT-San Antonio, 63

percent. Meanwhile, prices continue to rise. In March 2008, the UT Board of Regents approved tuition and fee rates for the next two years, once again increasing the cost of higher education. As a result, fall 2009's total academic charges at UT-El Paso will be over 73 percent higher than fall 2003.

At the same time that tuition has soared, state funding for higher education has decreased and grant programs have failed to keep pace with the state's needs. At UT System institutions, inflation-adjusted state appropriations per fulltime equivalent student have decreased, on average, 17 percent from 2001 to 2006. The declining state appropriations has impacted higher education on a statewide level.

Take UT-Austin, often considered a crown jewel of higher education in Texas. Within a 12-member national comparison group, UT-Austin ranks ninth in per student funding from tuition and state general revenue. Simply put, other states are better at supporting their universities. The University of Minnesota, for example, has \$6,000 more per student than UT-Austin; the University of North Carolina, \$6,500 more; and UCLA, \$7,500 more.

Let's compare two Midwest universities—both striving to compete in a knowledge-based world. In nearly every state, universities are the keys to jobs—research today unlocks the potential of tomorrow. Take a look at the University of Iowa, with just over 30,000 students. In 2008, Iowa lawmakers appropriated \$348 million in state money to support and run the University. Now let's take Texas Tech University in Lubbock, nearly the same size with 28,000 students. Tech received \$164 million in fiscal year 2008. Over the course of ten years, at that level of support, Tech would get \$1.84 billion less than Iowa.

How do we expect Tech to compete?

Funding for financial aid programs have also failed to keep up with the enormous growth in tuition. The TEXAS Grant program has served as a successful financial aid tool for Texas students in financial need. However, due to inadequate funding, the Texas Higher Education Coordinating Board estimates that over 90,000 eligible students will not be served by the program in 2009. To make matters worse, the Coordinating Board just voted to recommend changes to the TEXAS Grant program that will disproportionately and negatively impact the very students that the state has long sought to push toward higher education: low income, minority, and first generation college students—as well as students with disabilities.

What do we do? Right now, Texans face a choice. Do we want another decade of leaders whose goal is to destroy our state's government? After all, our government is us—it is people doing through government that which we can not do alone.

Or do we want responsible leaders who will make the hard choices to take Texas into the 21st Century?

We can't afford to let anyone mess with Texas again. Here in Texas, our children, our future and our state deserve better.

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From the Senator's Desk . . .  
September 18, 2008

**Written by** Senator Eliot Shapleigh, [www.shapleigh.org](http://www.shapleigh.org)

***"Texans in the Tub: Mental Health"***

Today in Texas, the mental health system is in crisis.

Over the past weeks, we have demonstrated serious harm inflicted on agency after agency by the Grover Norquist approach to government: cut funding, cut training, cut resources—and then, of course, cut taxes for the wealthy.

Norquist is best known for his infamous quote, "Our goal is to shrink government to the size where we can drown it in a bathtub." Today, American soldiers are in Grover's tub.

This year, Army Spc. Joseph Patrick Dwyer became its most well-known victim. Back in 2003, as President Bush, Vice President Cheney and Defense Secretary Rumsfeld were selling Americans on the Iraq war, Pfc. Dwyer was captured in a photo Americans will remember forever.



Photograph by Warren Zinn/Army Times ([msnbc.com](http://msnbc.com))

Pfc. Dwyer enlisted in the military two days after the 9/11 attacks. He was trained as a medic at Fort Bliss in El Paso, Texas and deployed with the 3rd Infantry's 7th Cavalry Regiment in March 2003.

Today, we all know Pfc. Dwyer from this famous photograph showing his daring rescue

of a young Iraqi boy, Ali, wounded in battle near Al Faysaliyah, Iraq on March 25, 2003. What the photo did not show was what happened to Dwyer afterward. Since his return from Iraq, in June 2003, Dwyer suffered from severe post-traumatic stress disorder (PTSD).

When Dwyer returned to Fort Bliss after his three-month deployment, he exhibited ever worsening signs of PTSD. While living in El Paso, Dwyer veered off the road into a street sign because he thought he was avoiding a roadside bomb. A year later, El Paso police had a three-hour standoff with Pfc. Dwyer after he locked himself in his apartment because he thought he was under attack from Iraqi insurgents.

On June 28, 2008, after five years of suffering from paranoia, depression and substance abuse, Pfc. Dwyer died in North Carolina from an overdose of inhalants and pills. The officials treated his death as an accident, but others close to Dwyer treat it as a suicide.

His story—and those of hundreds of others—is the reality of what happens when lawmakers talk about compassion but never commit to care. In the end, Pfc. Dwyer returned to suffer PTSD without a helping hand—and he is not alone.

According to an in-depth study released by the RAND Corporation last April, because of extensive time in combat for today's soldiers returning from Iraq or Afghanistan, almost one in five soldiers have symptoms of PTSD and/or major depression—nearly four times the rate for soldiers before deployment as well as the rate for the general population. Of great concern is that only half of these soldiers have sought treatment. Further, the costs of medical treatment and associated loss of productivity will be over \$6 billion in just the two years following deployment.

In fact, lack of treatment is a growing problem across Texas.

In terms of mental health spending per capita, Texas is 49 out of 51 (50 states plus the District of Columbia). In addition, Texas ranks 48th when it comes to the number of mental health professionals per capita; Texas does not have enough mental health care professionals or a continuum of care to address the needs of our residents—another consequence of inadequate funding.

As a result, many will end up in jail or the emergency room, both of which are already close to capacity. Others will tragically end their lives like Pfc. Dwyer.

Last year, regional MHMR authorities across the state served almost 20 percent more individuals than they received funding for. Statewide, regional MHMR authorities are grappling with the same issues—given the lack of adequate funding, do we compromise on quality or quantity? How many do we leave uncared for?

In many key programs, more Texans wait for services on interest lists than are actually being served. For example, in the CBA waiver program, which provides home and community-based services as an alternative to nursing home services to those who are

disabled or elderly, 21,050 get served while 29,316 wait for services. Without an infusion of additional monies, local taxpayers and a variety of other community entities—school districts to emergency room personnel to the police—will be forced to deal with mental health issues.

Unfortunately, the problems with the mental health care system are not unique.

This reality is repeated in state agency after agency—from TXDOT to CPS. In addition to the significant problems with the mental health system, other serious issues exist with services for the mentally retarded.

In fact, a few weeks ago, the U.S. Department of Justice expanded its investigation to include every single state school for the mentally retarded in the state of Texas. What started out as an investigation of one state school for abuses by direct care staff has broadened, first to another state school, then the entire system. These systemic abuses stem primarily from inadequate funding and training of staff—which brings us back to Grover Norquist.

Norquist and his allies view a drowning government as a success. When Perry and Craddick cut budgets in Austin, we pay the price. Tax cuts in Austin mean tax hikes in El Paso. Even worse, our most vulnerable children get cut from vital programs—like basic mental health and/or mental retardation services.

From our soldiers to our children, we can no longer afford to put Texans in Grover's Tub. We deserve government that works for us.



Eliot Shapleigh