

Amanda Dyer, #4
TALL XII
Session 3 – Austin
January 25 – 28, 2011

Tuesday, January 25, 2011

Our third TALL trip took us to the state capitol where we were able to get more than just a glimpse of what issues are at the forefront of our representatives' and senators' minds. "budget deficit", "water rights" and "redistricting" quickly became the buzz words we heard in almost every presentation. Agriculture, along with all industries in Texas, are set to face changes in the way of cutbacks and representation and we need to be prepared to position ourselves effectively and still make our voices heard.

The Honorable David Dewhurst - *Lieutenant Governor of Texas*

To begin our session, we briefly met with Lt. Governor Dewhurst. He expressed his support of agriculture and his background with cattle and horses. He gave us a general overview of the issues this state is facing and focused on the point that they were working diligently to reduce the deficit which would require cuts, but we can rest assured that there will be no new taxes. He was optimistic about our state's outlook and reiterated the growth that Texas is seeing.

Todd Staples, *Texas Agriculture Commissioner*

I always appreciate the chance to hear from Texas Ag Commissioner, Todd Staples, as he is working hard for our industry and always provides thoughtful and useful insights. The two main issues he spoke about were Eminent Domain and Water Rights. In regards to eminent domain, he said there were a series of loopholes that have caused the rights of private property owners to be eroded. For instance, in Texas it is legal to condemn land and give less than market value. Legislation on making sure landowners get a fair price has been put on an "emergency track". **He encouraged us to go to protectyourlandandhome.com and sign the petition supporting this change** because in Texas "Our Home is Our Castle".

Staples stressed that the biggest issue facing agriculture is water. The fight between urban and rural residents will only increase as this precious resource becomes more scarce. Currently he is working on Bill 332, that basically says no one is a better steward of the land than the land owner. To stay informed he told us to visit groundwaterownership.com

Mr. Joe Cox, *Assistant Vice Chancellor for External Relations*

Mr. Cox is the Assistant Vice Chancellor for External Relations; he met with our group to discuss the various issues for the session. He talked about some of the changes that are a product of the growth we have seen in Texas. Because of the growth, TX will have 4 additional seats in the House of Representatives but there will also be redistricting as urban areas grow and rural areas decline in population. He also encouraged us to speak with our legislators and stressed that if an issue is important to home, it is important to

them. However there is no substitute for face to face meetings and thoroughly understanding the issue. When he addresses non-ag individuals he stresses the impact of the food and fiber system; without it we would not be able to survive.

Senator Craig Estes, Texas State Senator, District 30

Senator Estes explained that they are right in the middle of the voter identification issue. He is on the redistricting and finance committee and redistricting is taking much of the focus right now along with the budget deficit. The budget deficit this year alone was \$4.2bn and \$15-20bn overall. We heard once again that there would not be any new taxes, but there would be massive cuts in spending for programs. Education and transportation will be the 2 areas that see the least amount of cuts. The eminent domain and voter ID issues are on the fast track and he predicts they will pass. These were meant to be passed in the previous session, but due to "chubbing"-- the members of the House talking 9 minutes about each bill-- several bill died due to time constraints. During the last session there were 76 republicans and 74 democrats; this session there are 101 republicans and 49 democrats. Estes said that many issues these days are not republicans vs. democrats, but rural vs. urban.

Just an hour before meeting with our group, he filed a bill that gives tax incentives for landowners to practice water conservation. The bill is Senate Bill 248; more information can be found online.

Reception Sponsored by Ken Horton & James Grimm - Lt. Governor's Reception Room

Ken Horton of the Texas Pork Producers and James Grimm of the Texas Poultry Federation, sponsored a fantastic evening with a hearty feast of appetizers in the Lt. Governor's Reception Room. The room itself is entrenched in history and was the perfect backdrop for the two speakers we had that evening. Ryan Guillen, Representative for District 31, spoke to us candidly about the budget shortfalls and the loss of rural representation. He said now more than ever that we need to be in our representative's ears and fighting for our industry.

Mr. Turner, Legislative Consultant and Former State Representative spoke to us next about working with the State Legislature. We were left laughing at his humor and wit, and more equipped to take on the role of active constituents.

Wednesday, January 26, 2011

Dr. Dee Ellis, Executive Director/State Veterinarian, Texas Animal Health Commission

Dr. Ellis met us at the hotel after breakfast and gave us a thorough overview of the Texas Animal Health Commission. There are 200 people in the agency of which 17 are vets. The agency is involved in the rule making process and serves as a liaison between legislators and industry. They work with the industry to solve problems. For instance,

they recently tested 70,000 cows in 60 dairies for tuberculosis. Their highest profile job is at auctions, where they have inspectors there to observe the cattle. The agency's mission is to focus on marketability, disease control and maintaining trade. Some of the issues they have been instrumental in managing are Trych, Brucellosis, EIA, wild hogs and fever ticks from Mexico. The agency also takes the lead role in animal disasters such as Hurricane Ike. Dr. Ellis took a minute to comment on animal ID and said that it is coming and within 5 years all commodities will probably have tracking

Mr. Amadeo Saenz, Jr. - Executive Director, Texas Department of Transportation (TxDot)

Mr. Saenz has been with TxDot for 33 years. The current focus of TxDot is figuring out how to maintain and improve upon the current transportation system to support the explosion in population growth Texas is seeing. TxDot's 2 year budget is \$8-9 billion; one third is to be used for maintenance and the rest for ongoing projects. The problem here is that they must find a way to fund the projects. Texas gets 20 cents on each gallon of gas regardless of the price of gas. Revenue went down in 2009 and didn't come back in 2010. So far 2011 has been better, but now gas prices are going up which may discourage driving. They are exploring the option of issuing debt on future revenue or using a bonding deal on current revenue. They are also considering a mile tax and basing vehicle registration fees off of weight. In addition there is consideration to allow for gas tax inflation. More information can be found on current projects and proposed projects at txdottracker.com

The Honorable Joe Straus,III, Speaker of the House & Kevin Robnett, Senior Policy Analyst

Next we had the pleasure of briefly hearing from Mr. Robnett, Aid to the Speaker of the House and Mr. Joe Straus, Speaker of the House. Mr. Robnett talked about the cuts that all industries will see, including agriculture, when the legislators begin slashing funding for projects to reduce the deficit. He admitted that being in the Capitol sometimes made him feel like he was in a bubble and it is helpful for him to talk to people, and he encouraged us to visit our representatives. Mr. Strauss reiterated the budget challenge but stressed that they are doing the best they can. The Speaker also mentioned that his dad was in the cattle business and introduced the Simmental breed. He and his family are out of the business now, but have a special affinity for agriculture and cattle producers.

Senator Steve Ogden, Texas State Senator, District 5

Senator Ogden and Mr. Warren Chisum spoke with our group next. Chisum is a strong supporter of agricultural business in Texas. He is from Pampa and represents 19 counties. Cotton and corn are the leading crops in that area and he spoke of how the industry has progressed by leaps and bounds through boll weevil eradication and developing a more efficient corn crop where we have the same acres of corn but are producing 2 times the amount, we produced 20 years ago. He stressed that agriculture and technology is the key to feeding the world.

Senator Ogden thinks that agriculture will play a big role in revving up the economy and continuing to bring us out of the downturn. He thinks that we need some consolidation and rearranging of ag departments and agencies. For example, the Animal Health Commission is not a department of agriculture, so that is something that he wants to work on. He thinks that most people take agriculturalists for granted but the markets don't. He thinks it will be necessary to dip into the rainy day fund*. The fund currently has \$9bn in it and he thinks that most of it will have to be used.

After our morning sessions we were able to visit and be recognized as a group at both the House and the Senate. We were lucky enough to be there on the same day that the Texas Rangers were being honored, so we got a chance to see (from afar) Nolan Ryan and Ron Washington.

Eric Opiela, TALL IX Alumnus

One of our own alumni, Eric Opiela, spoke to us about redistricting. Redistricting occurs every 10 years. This year we will see a reduction in rural representation due to the requirement that each representative represent 163,000 people. This is made worse by the influx of population into the urban areas and reduction of population in urban areas. This is a scary issue and should have all urban agriculturalists concerned. In 2005, Texas became a majority minority state. There are 7 Mexican majority districts and 3 African American majority districts. The 3 African American districts are expected to become Hispanic districts due to redistricting and the influx of Mexicans coming into Texas.

"A Tribute to Texas Leadership" - Tall Alumni Reception

The reception was held at the prestigious Austin Club and boasted several alumni from around the state. It was a great evening of fellowship and a couple of our most outstanding alumni were recognized. Former Congressman Larry Combest was awarded for his years of service and dedication to the industry. In addition, Mr. Clint Robinson, was awarded the TALL Distinguished Alumni Award. It was an honor and a privilege to meet with several of the alumni in attendance.

Thursday, January 27, 2011

Representative Jimmie Don Aycock, *Texas House of Representatives, District 54*

Representative Aycock spoke to us first about leadership. He explained that leadership takes building coalitions and investing time. We should find people that have the skill set that we are missing and learn from them. He then went on to discuss the challenges we are facing with funding education with the current budget shortfall. He explained that it is a frustrating time and that there aren't really any solid answers that will benefit everyone. Some brighter students are being held back with the "No Child Left Behind" program; some students need extra attention and it's just not feasible to give it. Strides have been made with technology and students have access to cutting edge tools, but this is more the case at wealthy school districts. The takeaway was that continued focus will be put in this area, but there is no way to make the system perfect.

Representative Rick Hardcastle, *Texas House of Representatives, District 68 - Energy & Ag Issues Facing Texas*

Energy and agriculture are the two biggest industries in Texas, share the same resources and oftentimes benefit each other. As Mr. Hardcastle said, "Cattle grow a lot better under a pumpjack." Hardcastle has been in agriculture all of his life; he has a farming and ranching operation located along the Red River. Mr. Hardcastle talked about Texas being an energy powerhouse; Texas has the highest capacity of refining sour crude than any other place in the world. With rising oil prices, the oil industry is helping to boost Texas's economy. Mr. Hardcastle discussed the ag exemption and explained that some people are abusing it and that we could see changes in this exemption going forward.

Dr. Bryan Shaw - *Chairman, Texas Commission on Environmental Quality*

TCEQ is the states primary environmental regulatory agency. They cover a range of issues such as air, water, land, radiation and waste water treatment. The organization is proactive but they always ask "What is the environmental benefit?" If there is none, and it's not required by law, then they won't waste time going through with a project. The organization relies on self compliance and incentives. They try their best to understand what negative implications are toward agriculture before acting. Mr. Shaw talked about the proposed greenhouse gas regulations and said that it would raise the cost of energy. He encouraged the agriculture industry to position itself as a beneficiary because the regulation will most likely try to make it the loser. He believes that the opportunities are in the incentives. He brought up that the science behind greenhouse gasses being detrimental to the environment isn't there. He pointed out that CO2 is an accelerant for plant growth and that 95% of the greenhouse effect is water. Shaw also brought up the issues they face in challenging the EPA. The issues start in the District Court in Washington D.C. so it takes a long time to get a court date. They still have to do what the EPA says until they have a chance to argue it. He encouraged us as agriculturalists to be leaders in green technology but to not let the unfounded policies ruin us.

Mr. Mike Morrissey, *Senior Advisor to the Governor*

Mr. Morisee, Senior Advisor to Rick Perry, was gracious enough to come talk to our group at length. It is quite apparent that Governor Perry has done an outstanding job of surrounding himself with one of the most intelligent men on understanding policy. Mr. Morisee has spoken to the TALL group for the past 4 years now and seems to have a great respect for the group.

There are 250 people employed in his department and 75 of these people deal with economic development. He said that they have an open door policy but most of the people that walk in are from the city; he stressed that we need to walk in too. We have a much better chance of being heard and getting a bill passed if we go to Austin, give points and talk about how issues impact us.

Representative Drew Darby, *Texas House of Representatives, District 72*

Darby was very candid with us and made the point that "This is the time we need statesmen; we don't need politicians. People need to step up and do what's best for the

state. We need leaders with vision." Darby focused on the challenges our state is seeing in the transportation sector. The average household spends \$1,500 in wasted productivity due to congestion, if there isn't any change it will go up to \$4,500. In 50 years Texas's population will be over 50 million and it will cost Texas \$1 trillion in economic impact if something is not done now to improve our infrastructure. Darby made the statement that every \$1 invested in economic development returns \$6. He also mentioned the non-recharge of the aquifers in the panhandle and that this is going to become a huge issue as San Antonio will probably be forced to get their water from the Panhandle. All of us in agriculture need to step up and become more involved in this issue as it was mentioned in probably 80% of the sessions we attended.

Mr. Mike Reissig - Associate Deputy Comptroller for the Texas Comptroller of Public Accounts

Mr. Reissig gave us an in depth overview of the budget we had been hearing so much about. The deficit for just this year is \$4.3 billion reflecting worse than expected revenue collections due to the recession. Texas was hit particularly hard by the sales tax which was lower due to unemployment and shrinking economies. However, Texas has fared better than other states. The Texas economy is expected to grow over the next two years but at a modest pace. Reissig explained how the rainy day fund is calculated. It is simply just the amount of oil revenue the government receives above what it received in 1987. By the end of the year this rainy day fund will be just over \$9.2 billion and most if not all of this will probably be used to lower the deficit. It was nice to see some hard numbers from someone that is entrenched in these figures on a daily basis. It was once again confirmed that Texas has a lot of work to do to decrease the deficit, but we could be worse off and we are moving in the right direction.

Judge Priscilla Owens, U. S. Court of Appeals, Fifth Circuit

We had a short walk from the Capitol building where we headed over to meet with Judge Priscilla Owen, a federal judge on the United States Court of Appeals for the Fifth Circuit. She joined the court in 2005 after being nominated by President George W. Bush. The United States Court of Appeals for the Fifth Circuit is a federal court with appellate jurisdiction over the district courts in Texas, Louisiana and Mississippi. Only 10% of cases filed are actually tried. Before you can become a judge, you must be a lawyer for 10 years. One of the biggest cases they deal with is the death penalty. It is so important that we have qualified and ethical judges as they ultimately determine the law; we are in good hands with Judge Owen and are grateful for her service and for the time she spent with our group.

Mr. Daniel Hodge - First Assistant Attorney General

Mr. Hodge gave us an interesting overview of his department. I didn't know that so many programs were housed out of this department. There are 4,500 employees, 96 offices across the state. They rank number one in efficiency, effectiveness and collection per employee of child support payments. It costs \$400mm to run the child support division and they collect \$3bn in child support per year. The Medicaid fraud unit recovers \$500mm per year. The Criminal Investigations Department focuses on finding and prosecuting human trafficking and sex offenders. If the state is sued in court, they defend

the state and treasury (tax payers). The department also defends the state against the EPA and greenhouse gas emissions. The currently have 8 lawsuits against the EPA.

Friday, January 28, 2011

Dr. Beverly Chiodo – Professor, Department of Management - Texas State University

It was a treat to hear from acclaimed professor and speaker Dr. Chiodo, “The Doctor of Encouragement” who spoke to us about character driven success. She stressed the importance of good habits and how habits define you and your destiny. She also illustrated the importance of praising character over achievement because good character leads to achievement. Character is the root of success. In America, we try to “get the fruit without taking care of the root.” There were so many positive takeaways from this session and this was an excellent way to motivate us on the last day of our trip. If you haven’t heard her speak before, I highly encourage you to find a way. She has a gift of engaging and motivating a group that leaves the crowd hanging on every word.

Lunch with the Texas Beef Council

Before heading out to Capitol Land & Livestock, we were hosted at Mr. Schwertner's house by the Texas Beef Council who provided us a much appreciated hamburger lunch. Richard Wortham, Mike McCravey and Jason Bagley were there to greet us. Mr. McCravey gave the group an overview of TBC. The Beef Council is a non profit organization in charge of marketing and promoting beef in Texas. It is funded by the Beef Checkoff program, a \$1 per head assessment on the sale of cattle. They have several programs in place to increase the demand for beef. They have a partnership with the American Heart Association in which AHA and TBC encourage consumers to “Love Your Heart with Lean Beef”. This is an instrumental partnership as beef has had a negative perception over the years in relation to heart health. This alliance is helping to dispel those myths and educate consumers on the health benefits of beef. One three ounce serving of beef only has 154 calories and is an excellent source of 10 essential nutrients. According to research published in the Journal of the American Dietetic Association, beef is the number one source of protein, zinc, and vitamin B12; the number two source of selenium; the number three source of iron, vitamin B6, phosphorus, niacin and potassium; and the number four source of riboflavin. Red meat’s fat profile is often misunderstood and a common misperception is that animal proteins provide only saturated fat. Surprisingly, half the fat in beef is monounsaturated, the same type of heart-healthy fat found in salmon and olive oil. In addition, one-third of the saturated fat in beef is stearic acid, which studies have shown has a neutral or cholesterol lowering effect. Another thing that many consumers don’t know is that there are 29 lean cuts of beef including any cuts with “loin” or “round” in the name along with filet mignon, flatiron, flank steak, strip steak, the list goes on and on. Since 1998 more than 2,500 new beef products have been introduced and 75% of these are microwavable as our culture continues to shift to a “quick and easy” mentality.

Along with educating consumers, The Beef Council also has programs to educate producers such as the important Beef Quality Assurance program and the Beef 706 course. The Beef Council does an outstanding job of being good stewards of the dollars that come from producers; they are dedicated to increasing beef demand and have and will continue to make great strides in educating consumers and promoting beef. To learn more about the Texas Beef Council and find recipes go to txbeef.org. To find out more about the national beef checkoff go to mybeefcheckoff.com or to find recipes go to beefitswhatsfordinner.com.

Jim Schwertner, President & CEO, Capitol Land & Livestock

We were fortunate enough to have Jim Schwertner and his son, Jimmie, give us a tour of their facility in Schwertner, TX. Mr. Schwertner began by making a very common sense statement regarding the future of our industry, "As long as people eat, we'll be ok." But, I do think as agriculturalists we do need to do a better job of making people aware of where their safe, wholesome nutritious food comes from.

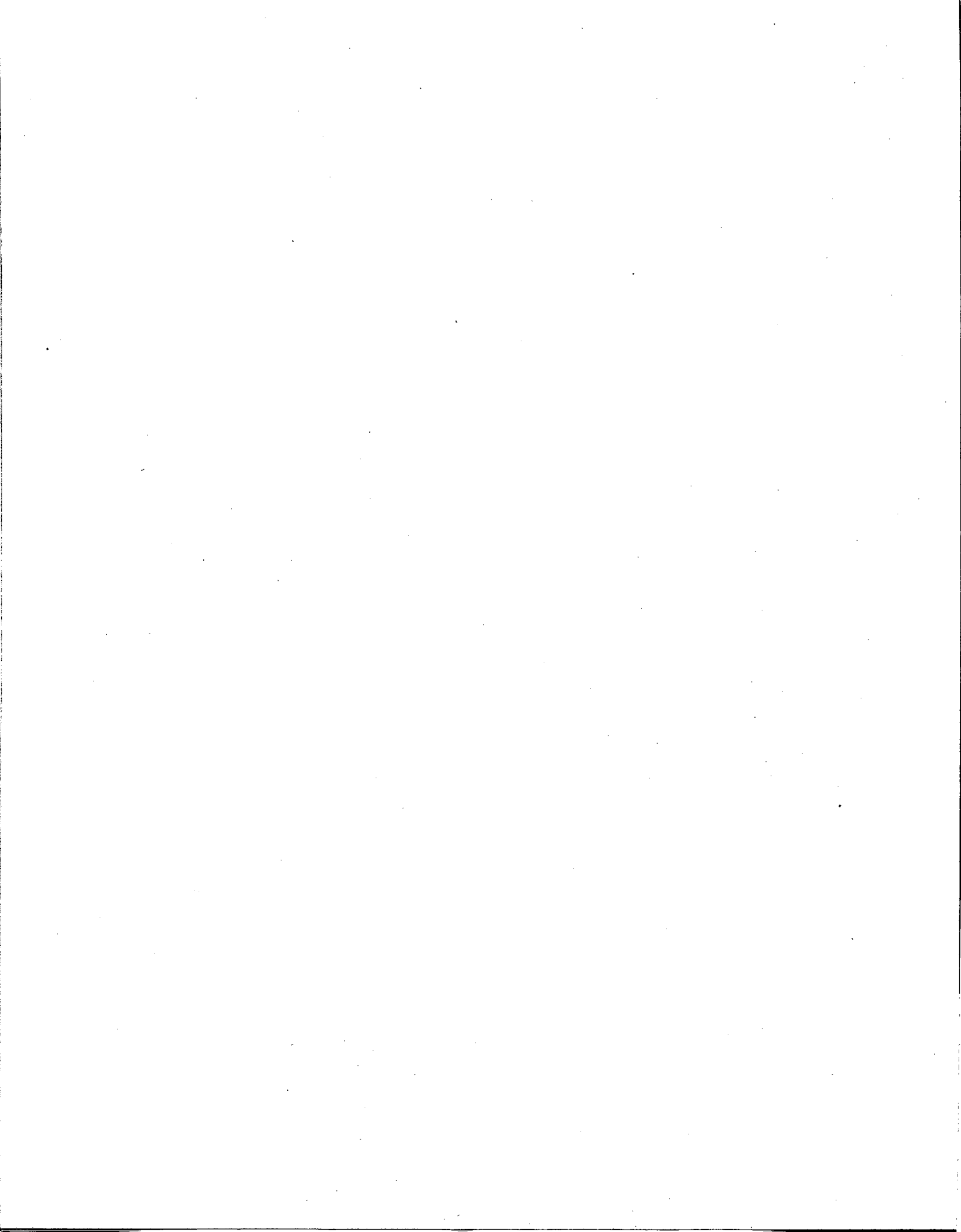
In 1946 Mr. Schwertner's dad started an auction barn in Austin and expanded throughout Texas. The auction was so successful, in some cases, people would actually give Mr. Schwertner land and build the auction barn for him. Today Capitol Land & Cattle is a livestock dealer. They handle 400,000 head per year, 2,000 head per day and go to ~200 auctions/wk. They buy 40 different types of cattle. Everything comes to their facility and is sold within 18 hours. Mr. Schwertner explained that they are essentially arbitrageurs of the market. They take total chaos and try to make sense of it. Twenty percent of the cattle are bought from ranches and the rest are bought from auction barns. They are open 24 hours / day, 7 days / week except for Christmas. They farm 18,000 acres of land and have a VAC-45 backgrounding program to wean calves for those people that want it. Weaning them slows the death loss to <1% per head from a 5% average death loss for those not weaned. It also decreases the medication cost from \$35/hd to \$5/hd.

At Capitol, they focus on animal behavior and their facility is designed based on Temple Grandin's research. The HBO file *Temple Grandin* was actually filmed at Capitol. Capitol has done a research project with McDonalds where they tested tissue samples on one million head over five years to see how stress impacts the cattle. It was found to have a measureable impact so you will find that there is no yelling by employees or sudden movements in the area with cattle.

Mr. Schwertner doesn't like to use antibiotics unless he has to; they are proactive on preventative maintenance. The recently developed and started using a BVD testing procedure with IDEX to test cattle within three hours to see if they have it. Since using this they have decreased their death loss by 50% and gain has increased by 2.5% per day. The test is \$3.50 per head and returns \$25 per head. Currently 1.5 million head are tested but the goal is to have 7 million head tested within five years. They now sell the product to feedlots and ranchers. In addition to a health product they also helped to develop the Ranchers Registry brand, a low choice, high select beef product that is aged 21 days. They also partner with Ruth's Chris Steakhouse.

Capitol has over 400 clients. They focus on good relationships and knowing their customers. All business is done verbally and there are no written contracts. Capitol gives their customers the "Wal Mart guarantee" -- if people don't like the cattle, they can bring them back (but this rarely happens). Capitol Land & Livestock has set a precedent in the industry and is the picture of efficiency and effective cattle management; it was a privilege to get to see their operation.

I think all of us left this trip with a sense of purpose, to get more involved in our state legislature. I know that I left more confident once I discovered how approachable our legislators actually are, and it helped that they encourage people to stop by, call or write. All of that being said, there are definitely some negative impacts the agriculture industry is going to see with redistricting and the budget deficit. This should be an encouragement to all of us to make our voices heard even more.



Mike Metzger-#13
TALL XII- Session 3
Austin, Texas
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Tuesday, January 25th

Our third time to come together, we spent the week at the State Capitol, and appropriately so as this session was titled State Government: Issues and Policies, Leadership, Legislation and Laws. I had never been in the Capitol building and was really looking forward to seeing it, plus the legislators were beginning their 140 day session. We began by walking to the Capitol and gathering at the steps of the Senate staircase to take a picture with Lieutenant Governor David Dewhurst. Mr. Dewhurst was very late, which ran into our time for our next appointment, and we all realized that trying to schedule all of our speakers for this session was a daunting task. I give a very big thanks to Kim, Jackie and Dr. Jim for all of their efforts for planning and coordinating. Dewhurst was able to join us and we took a picture with him as a group and he addressed our class just briefly about leadership and what was ahead of them in this session. He stated that Texas had a budget deficit of over 4 billion and the "Rainy Day Fund" of 9 billion dollars was not going to be tapped into, and taxes were not going to be raised to balance the new budget. They planned on cutting most areas of spending by 10%. Mr. Dewhurst was the first of many of our speakers to state the same thing about how they planned on balancing the budget. This was the theme of our next few days at the Capitol.

Agriculture Issues Facing Texas

Texas Agriculture Commissioner Todd Staples with the Texas Department of Agriculture meet with us in the Capitol Annex Room. I had meet Staples in February 2010 when he had come to speak at the Lubbock Chamber of Commerce Ag Committee breakfast. He is a very good speaker and this time was no exception. He gave us an overview of what TDA does, such as being in charge of weights and measures, which includes something we use regularly, gas pumps. Private property rights were discussed and how those rights are being challenged by different groups. In this session, a bill will be introduced regarding Eminent Domain. The purpose of the bill is to keep entities such as municipalities from taking your land without consideration of true market value. Staples also addressed another important topic, the Rule of Capture. This has to do with water rights private property owners have and how the water may be used. Some people believe if you own the land, you can pump all the water you want from beneath it and others believe there are instances where this should be limited. SB 332 will be introduced by Senator Fraiser in this session and it has to do with this issue. Both the Eminent Domain and Rule of Capture issues are very crucial topics when it comes to agriculture and all private property rights. It will be interesting to see what discussion and laws may be passed on these issues in this session.

Various Issues for the Session

Mr. Joe Cox, Assistant Vice Chancellor for External Relations, gave us a description of his job role and duties. He is a state employee and his office of Texas AgriLIFE Extension Service is funded 10% by USDA, 70% by the state and remaining by the County level. Mr. Cox's role is to bring to the Capitol the issues that the people at home say are important to them and let our legislators know about them. His department focuses on issues that affect agriculture statewide and works to help many universities such as Texas Tech and Texas A&M to get funding. He brings the grassroots level and face to face visiting with the legislators and communicating what their constituents are saying.

Responsibilities of the Agriculture and Rural Affairs Committee

Senator Craig Estes of District 30 is in his 5th session. He has an extensive agriculture background and was in the chemical business for 58 years. He is on the Finance and Redistricting Committee and he also discussed the 4 billion dollar budget deficit we have and the tough cuts that will have to be made. The State of Texas will have a projected 15-27 billion deficit by the next session. The Governor does not want to raise taxes or use the Rainy Day Fund, but that fees will likely go up. I learned that this Rainy Day Fund grows as the price of oil goes up and got the impression over the next few days that many legislators aren't bothered if oil prices go up, since it will increase the dollars in this fund. Does the good of this fund increasing in dollars offset the economic impact to agriculture when oil prices continue to rise? I would think not because that affects everyone, from higher transportation costs, food costs, clothing costs, and inflation.

How to Work with the State Legislature and Issues Facing Texas

We finished our first day with a social at the Lt. Governor's Reception Room which was sponsored by Texas Pork Producers and Texas Poultry Federation. Mr. Bob Turner visited with our class on the role of lobbyist and their importance to the legislative process. His information opened my eyes on the role of lobbyist and the value they bring to the table in helping to get things done for Texans. Mr. Turner made it clear that your honesty and integrity are all you have and those are extremely important when doing his job.

Representative Ryan Guillen of District 31 spoke about his experiences in the House, what he did before he got elected and of his first session. When asked how he votes, he said he tries to put himself in the shoes of his constituents and ask himself what they would do. Very good philosophy in my opinion that I hope many of our other legislators follow.

Wednesday January 26th

Animal Health/Natural Disasters/Bioterrorism Issues

Dr. Dee Ellis is the Executive Director and State Veterinarian with the Texas Animal Health Commission. This agency has 17 veterinarians working in it and 7 regions in the state with 13 different commissioners. Each commissioner represents a different industry, such as horses, cattle, sheep, etc. The mission of the agency is Marketability, Animal Health, Prevention, Disease Control and Disaster. This state agency is funded with state and federal money. They have inspectors all over the state, such as at livestock sale barns and where hogs are sold across the state, just to name a few. Their jobs help protect the spread of disease and ultimately the consumer.

The Role of TxDOT

Mr. Amadeo Saenz, Jr is the Executive Director of TxDOT and has 33 years with this state agency. Their main role is to maintain 80K plus miles of roadways and 50K bridges in the state. With his budget likely to also be cut during this session, he has the challenge of keeping mobility of Texas moving forward so the state can stay competitive, all while knowing that Texas is the fastest growing state. The budget of this agency is around 9 billion per year and much of his funding comes from the fees collected on the 21 million vehicles registered in Texas. The registration fees bring in approximately 1 billion. Also, of the 20 cent state gas tax, his agency gets 5 cents. With the slow

economy, he stated that bids for projects are costing less, but funds are still tight, especially if they cut his budget. There are discussions of looking at other ways for Texans to pay for the privilege of using the roads. Possibly a fee based on the number of miles driven. With more electric cars on the road and therefore less gas tax, this could be an option to make some of what the agency would lose from income on electric vehicles. With Texas growing at about 1,500 people per day and more cars on the road with less money to do it with, TxDOT has a very challenging road ahead of it.

Responsibilities of the Speakers Office

Senior Policy Analyst, Kevin Robnett discussed with the class some of the issues facing legislatures this session. Mr. Robnett is the Deputy Legal Counselor for Speaker Straus and he stated that some of the topics directly related to the agriculture industry that will get much attention are ag exemptions and sales tax. Some legislatures are stating that if they change the parameters on ag exemptions, such as by raising the number of acres it takes for an individual to receive the exemption, will help raise revenue for the state.

Speaker of the House, Joe Straus met with us briefly after Mr. Robnett and gave us an overview of his job and issues facing this legislature. The Speaker appoints leaders of committees and this process will begin next week.

Responsibilities and Duties of the Senate Finance Chairman

Senator Steve Ogden of District 5 is the Senate Finance Chairman. He also said that they do not plan on raising taxes this session, but he was the only legislature that I heard who said they will have to use the 9 billion dollar Rainy Day Fund. Mr. Ogden stated that he believes this budget will be his greatest challenge in his 20 years. If agriculture stays strong in our state with good prices and production, it will do a tremendous amount to help Texas out of the slump.

After Mr. Ogden addressed the class, we gathered in the gallery of the House to hear a Resolution recognizing the TALL organization. Then we headed to the gallery of the Senate where they did the same. After a presentation of TALL XI trip to Russia and lunch, the various teams presented their homework assignments. We all learned something new about Texas from the assignment and I believe it brought us even closer together.

Redistricting

Senator Robert Duncan was unable to join us, so we had some extra time and went back to our hotel where we later joined the TALL alumni meeting. Mr. Eric Opiela presented a program on redistricting. This occurs every 10 years and is part of this session's agenda. Redistricting began in 1789 with the purpose of maintaining equal population in all districts. April 1, 2010 was Census Day and on December 31, 2010, the President received the census count. In the 2010 Census, Texas had 25 million people.

The final event for the day was a Social and Program to honor former Congressman Larry Combest. This was a very large gathering with at least 200 to 250 people and I should have kept track of how many hands I shook. When Dr. Jim began the program, our class introduced ourselves and gave thanks for the support. I continue to be amazed on how many people support the TALL program. Sure there were many people there for Mr. Combest, but there were also many there that are steady

supporters of TALL. This program's support I see during each session is overwhelming and makes me feel very blessed to be part of it.

Thursday, January 27th

Funding Public Education and Budget Shortfalls

Representative Jimmy Don Aycock, from District 54 began his talk by giving us his background as a veterinarian and how he got into politics. He stressed the importance of being a leader and using what we learn to lead in our communities and to lead with honesty and dignity. If you get discouraged, keep moving forward, but don't step on others and be ethical. I appreciated his comments and hope as the House and Senate meet in this session, they all exercise this philosophy. Mr. Aycock also discussed the budget and 10% cuts, just as everyone else before him had. There is discussion on how the education system may save money, such as through regional service centers and by consolidating schools by size and not geography. Another idea is to adopt electronic delivery of textbooks to save costs. I know from local media in my area and the educators at our local school, they are all very concerned about the cuts to education. The week of February 1st, many of them will be in Austin to visit with legislators about this issue.

Energy and Ag Issues Facing Texas

I was looking forward to this topic, though when it was complete, I did not get as much information as I had hoped for. Representative Rick Hardcastle from District 68 spoke with us. He serves on the Energy Resource Committee and has served two years as Chairman of this committee and four years as Chairman of Ag and Livestock Committee. Hardcastle noted that energy and agriculture in Texas are the two major industries of our economy. Agriculture and land pay more taxes than any other source in the state. Mr. Hardcastle said that with the tight budget issues facing us right now, there has been some discussion on maybe raising the size of Ag Exempt land from 10 to 30 acres. Legislatures are looking everywhere for places to increase revenue to the state without increasing taxes.

Responsibilities of the TCEQ

Dr. Bryan Shaw, Chairman of TCEQ, addressed our class on a very important topic to our group and many others. This state agency is the main environmental watchdog behind the EPA. TCEQ monitors air, water, land, radioactive disposal, waste water plants and more. From discussion among our class, all of us agree we want a safe environment, but believe that much of the regulation for both TCEQ and EPA are too extreme and are costing Americans time, money and productivity. The amount of regulation also penalizes us from being able to be as competitive with other countries. Dr. Shaw stated that he uses a three pronged approach on making decisions, Law, Sound Science and Common Sense. With Texas being the fastest growing state in population, I feel there will be even more regulation in the future.

Responsibilities and Duties of the Governor's Office on Budget, Planning and Policy

Mr. Mike Morrissey provided some information to the Governor's office and how it operates. This office has many more people working for it than I would have ever imagined. Mr. Morrissey claimed there are 250 people working in this office today and can have as much as 275 people if needed. When

Governor Perry hired Morrissey, the Budget and Policy office were separate and rarely communicated together. Morrissey combined these and it has made it better to manage.

Funding Human Services and Balancing the Budget

Drew Darby, Representative of District 72 discussed not just the budget and items facing this session, but also leadership. He said that leadership is not a position, but an activity. I had not heard it put that way, but how true that is. To be a leader, you need vision, character, preparedness, focus and be active. There are only two things you have when on the floor and that is your honor and word. I appreciate it when our legislatures speak of this since it is extremely important in their jobs and roles of representing Texans. I learned that during the week we were there, resolutions were being done on the House and Senate floors and that preference cards are to be turned in for what committees they want to serve on. Then the following week, the Speaker of the House and Lt. Governor will make committee assignments. Mr. Darby stated that private property rights and rule of capture will be hot topics this session and there are some bills that have been introduced for each of these.

Revenue and Economic Predictions

The Comptroller's Office is the State's chief tax collector and treasurer/accountant. Mr. Mike Reissig is the Associate Deputy Comptroller and he gave us an overview of the budget. The State Constitution gives authority to the state controller on how much the state can spend. The Rainy Day Fund that had been mentioned in previous discussions was formed in 1987 and is in the Texas Constitution. It has 9 billion dollars in it and could be a big source of funding to help with the budget shortfall. Many lawmakers are of the opinion that energy prices will continue to rise, which helps fund more into this fund and therefore could help with the projected future budget deficit. Mr. Reissig also showed us what the Texas Lottery actually contributes for sales to the state's budget. Of the 3.7 billion in ticket sales, 2.4 goes to the players of the lottery, 300 million to retail expenses, and 1 billion to education. I remember when the lottery was being "pitched" to Texans and its big selling point was how much it was going to help the education system. Looks like less than 30% goes towards education.

State and Federal Court Systems

After spending a day in the Capitol, we walked over to the Supreme Court of Texas and met with Judge Priscilla Owen. Judge Owen was on this court for 10 years before being appointed to the Fifth Circuit Court of Appeals. There are 13 Court of Appeals in the nation. This court is part of the Federal Court system. Other Federal courts are the Federal District Courts and U.S. Supreme Court. Judge Owen stated that about 70% of her appeals are criminal related and the workload is very high. On the State side, many courts exist such as State Courts, Trial Courts, Municipal Courts, County and District Courts, Appeals Court, Supreme Court and Supreme Court of Criminal Appeals. I have a better understanding of our justice system and it workings. I had never been in any courtroom and this one was beautiful, but I hope I am never in one again!

Role and Responsibilities of the Attorney General

First Assistant Attorney General Daniel Hodge was our last speaker for the day and I learned a lot of new information about the A.G. Office. There are about 4500 people employed and 96 offices across the state, with 800 lawyers and 150 police officers. The A.G. a State office that is in charge of collecting child support and are the best in the nation at doing it. Other issues they deal with are

Medicaid fraud, human trafficking, cyber crimes and sex offenders. The A.G. Office defends the State and the Treasury and is the office that is challenging the new Obama Health care plan.

Friday, January 28th

Character Driven Success

The last day of our third session was a nice change after 3 days at the Capitol. Dr. Beverly Chiodo spoke to us on a more personal level. How interesting that this topic is right after three days of listening to politicians! Anyhow, here message was right on target. Character is very important for each of us. Our ethics and honesty define us and it can be very difficult to regain people's trust and your character once you damage it. Dr. Chiodo suggests that if we do damage it, ask for forgiveness. No one is perfect, but come forward with your mistake and apologize. Another interesting fact she shared with us is that 27% of workers move jobs seeking praise and recognition and 38% claim they rarely receive praise at work. Human nature is that we all want to be recognized and it appears from the figures above, a little praising can be worth a lot in keeping your skilled work force in your company. According to Dr. Chiodo, the deepest craving of the human heart is to be appreciated.

Capitol Land & Livestock

The last stop for the week was at Jim Schwertner's business where we were feed a hamburger lunch, courtesy of the Texas Beef Council. Mike McCravey with TBC discussed the Beef Checkoff program and how they have partnered with American Heart Association. This is the 25th year of TBC and the checkoff program continues to promote and educate the public of the goodness of beef in the U.S.

Mr. Schwertner allowed us to go through his facility and gave us an overview of his business. They do not own the cattle they buy for more than 24 hours and purchase 80% of them through auction houses and about 20% from individuals. Feedlots and larger operators purchase the cattle and they provide delivery and have a reputation of providing a better than advertised animal to their clients.

In summary, my week in Austin was better than expected, since I thought listening to the various legislatures would bore me. I was pleasantly surprised and actually enjoyed this session more than the others. I learned so many new things and got refreshed on details that I had forgotten about our State's government process. The theme I heard many times while there is that Texas has a budget deficit and the budget will get cut. It will be interesting to follow this session and see how the legislatures make their cuts and where they decide to increase fee income or decrease ag exemptions, and how private property rights, water rights and eminent domain will be handled.

Before Day 1, January 24, 2011

We started the third session of TALL XII a day early with good food and great music at Third Coast Coffee. Thanks to class member Linda Ryan, we had a chance to get together before the session was formally kicked off. It was a great time to relax and catch up with our classmates before we got down to business at the Capitol.

Day 1, Tuesday, January 25, 2011

Lt. Governor David Dewhurst

Our first session was a photo opportunity with Lt. Governor David Dewhurst. We met outside the Senate Gallery and were able to visit with the Lt. Governor and get his thoughts on the current session. One thing that stuck with me was that he said that while the budget was a major issue, he felt that it would work out better than many anticipated. We would hear from several speakers during the week but Lt. Governor Dewhurst was more optimistic than any of the others.

Texas Ag Commissioner Todd Staples

Commissioner Staples gave us an overview of issues facing agriculture in this legislative session. Two major issues are Eminent Domain reform and water rights. Commissioner Staples suggested two websites:

Protectyourhomeandland.com
Groundwaterownership.com

He also suggested watching Senate Bill 332 which will affect water rights.

Mr. Joe Cox, Assistant Vice Chancellor for External Relations – Texas A & M

Mr. Cox gave us an overview of the legislative session with an emphasis on the effect of budget issues on higher education. He outlined his role in representing Texas A&M in Austin. He also discussed redistricting issues the state will be facing. One interesting insight was the idea that the Texas Constitution makes it much easier to kill a piece of proposed legislation than to pass it.

Senator Craig Estes

Senator Estes discussed legislative issues with the class focusing on budget issues and redistricting. He reviewed the expected 15 to 27 billion dollar shortfall during the next biennium. He also discussed redistricting in the state as a result of the latest census. Texas will gain 4 US Congressional seats in re-aligned districts but the redistricting will

also affect the State Senate map, the State Congressional map and the State Board of Education.

Two bills he suggested watching are SB820 regarding eminent domain and SB 248 regarding Grain Warehouses.

Reception in the Lt. Governor's Reception Room

Tuesday evening, we were hosted by the Texas Pork Producers and the Texas Poultry Federation at a reception in the Capitol. During the reception, we heard from Mr. Bob Turner who gave us some insight into his time as a State Representative as well as how that has affected his work as a Legislative consultant. We also heard from Representative Ryan Guillen from District 31 in the Rio Grande Valley. It was very interesting to hear from a young legislator about the issues he saw facing the state.

After the reception, we heard from Tim Mateer who manages the Lt. Governor's Reception Room. Mr. Mateer gave a short history of the room and its contents as well as details on the remodeling of the room after it was damaged by fire.

DAY 2, Wednesday, January 26, 2011

Dr. Dee Ellis – Executive Director of the Texas Animal Health Commission

Breakfast Wednesday morning was sponsored by the Texas Association of Dairymen and its' Executive Director, Darren Turley. After breakfast, we heard from Dr. Dee Ellis who gave an overview of the Texas Animal Health Commission and its' responsibilities. The Commission's historical mission has been animal health but in recent years has also handled disaster management as well. 70% of the Commission's funding comes from the State of Texas with 30% coming from Federal sources including The Department of Homeland Security. They handle rulemaking for the livestock industry as well as providing inspectors at livestock auctions.

Mr. Amadeo Saenz - The Role of TxDOT

Mr. Saenz outlined the efforts of TxDOT to maintain and develop the 80,000 miles of roads and 50,000 bridges in the state. The average age of our transportation system in Texas is between 45 and 46 years. He reviewed the work of the 2030 commission which was set up to establish the transportation needs of the state between now and 2030. They estimate we will need approximately \$370 billion to meet those needs. The TxDOT's budget for 2011 is about \$9 billion with roughly 1/3 going to maintenance and \$2 billion to ongoing projects with the balance going to overhead, development, planning costs and debt service. Currently, Texas is a "donor" state where for every dollar we send Washington, we get back between \$0.78 and \$0.82. Mr. Saenz also discussed possible funding options including a "per mile" fee on vehicles.

The Honorable Joe Strauss – Issues facing the 82nd Legislature

Speaker Strauss made a few short remarks and welcomed the TALL class after which we heard from Mr. Kevin Robnett who gave us an overview of the Speaker's responsibilities and issues as well as the methods he has for dealing with those issues. He reviewed the ways that committee assignments are made and the methods legislators have for expressing interest in committee assignments.

Senator Steve Ogden – Responsibilities and Duties of the Senate Finance Chairman

Senator Ogden addressed the class primarily on the budget issues facing the legislature. Rep. Warren Chisum also came to the class. Sen. Ogden reviewed several methods the legislature might use to address budget issues including the consolidation of several agencies such as Animal Health under the Texas Dept. of Agriculture. He felt that we would have to use all of the Economic Stabilization or "Rainy Day" Fund in the current budget process.

Senate and House Resolutions

At 10:00, we went to both the House and Senate galleries where resolutions were presented honoring the TALL class. Afterwards, we walked to the First United Methodist Church for a presentation from TALL XI class members on their trip to Poland and Russia. Lunch was sponsored by the Texas Ag Council.

TALL Alumni Meeting and Redistricting presentation and Reception

Wednesday afternoon, Sen. Robert Duncan had to cancel his presentation. We attended a meeting of TALL Alumni and the heard from the former Executive Director of the Texas Republican Party, Mr. Eric Opiela. Mr. Opiela reviewed the changes we will probably see as the result of the 2010 census. He felt that we would gain 4 seats and that West Texas should not lose any seats due to population shifts.

Wednesday evening, we attended the "Tribute to Texas Leadership" reception and program at the Austin Club. We heard addresses from Dr. Mark Hussey, Vice Chancellor and Dean for Agricultural and Life Sciences, Texas A & M; Dr. Michael McKinney, Chancellor of Texas A & M; and Dr. Ed Smith, Director of Texas AgriLife Extension. The Texas Agricultural Lifetime Achievement Award was presented to former Congressman Larry Combest.

Day 3, Thursday, January 27, 2011

Funding of Public Education and Budget Shortfalls – Rep. Jimmie Don Aycock

Rep. Aycock from Killeen discussed the budget as it will effect public education. He expects funding for public education to be cut by about 10% in the upcoming biennium. Some possible savings may be achieved through electronic textbooks primarily in the upper grades and the consolidation of schools though he sees little support for large scale consolidation. He stated that the lower grades will need to stay with traditional textbooks for developmental reasons.

Energy and Aq Policy – Rep. Rick Hardcastle

Rep. Hardcastle from Vernon discussed the increased usage of Texas' refining capacity for crude imported to the state. He also discussed the effects of redistricting on the rural districts in West Texas.

Responsibilities of the TCEQ – Dr. Bryan Shaw

Dr. Shaw gave an overview of the largest regulatory agency in the state after the EPA. He also discussed the relationship between the TCEQ and the US EPA. He then went on to discuss Green House Gas regulation and the implications of the regulation. He discussed the impact on agriculture and noted opportunities in cellulosic biomass fuel production and algae for fuel. He also gave us several sources for information on global warming theories and climate change.

Responsibilities and Duties of the Governor's Office – Mr. Mike Morrissey

Mr. Morrissey is Senior Advisor to Gov. Perry. He described the Office of the Governor with its' 250 employees. He described 6 divisions of the office – Economic Policy and Development, Criminal Justice, Budget and Policy, Appointments, Press Office and the Executive Division. He also stated that about 95% of the state's budget is public education and Medicaid.

Funding Human Services and Balancing the Budget – Rep. Drew Darby

Rep. Darby of San Angelo discussed issues facing human services in the next biennium then went on to discuss water issues and the "right of capture" which he supports. He feels that we will lose 2 representatives from the area west of I-35 as a result of redistricting.

Revenue and Economic Predictions – Mr. Mike Reissig

Mr. Reissig of the Texas Comptroller of Public Accounts Office gave us a Biennial Revenue Estimate and Economic Outlook. He stated that employment rates in Texas would return to pre-recession levels by April of 2012. He also gave us flow charts showing revenue sources for the state and discussed the effects of changes in each source. He echoed statements made by other speakers saying that we would have an estimated shortfall in the current biennium of \$4.3 billion and expected revenues in the 2011-2013 biennium of approximately \$177.8 billion.

State and Federal Court System – Judge Priscilla Owens

Judge Owens is a judge in the US 5th Circuit Court of Appeals. She has previously served on the Texas Supreme Court. She outlined the different responsibilities of the Texas Supreme Court – civil matters; and the Texas Court of Criminal Appeals – criminal cases. The Texas Supreme Court has discretionary jurisdiction and hears only about 10% of the cases that apply. She also gave us an overview of the areas of responsibilities of the 5th Circuit Court.

Role and Responsibilities of the Attorney General – Mr. Daniel Hodge

First Assistant Attorney General Hodge has been with the AG's office for 8 years and gave an overview of the various areas handled by the Attorney General. There are 4,500 employees in 96 offices across the state. They have an annual budget of \$400 million but are estimated to save the state \$1.5 billion per year as the result of saved costs in support payments. They collect about \$3 billion in child support payments annually. They investigate Medicaid fraud, have a Criminal Prosecution division, a Criminal Investigation unit which also investigates cyber crimes and a fugitive unit. Additionally, the AG's office acts as the attorney for the State of Texas representing the state both when sued and when it files suit.

Day 4, Friday, January 28, 2011

Character Driven Success – Dr. Beverly Chiodo

We spent Friday morning with Dr. Chiodo who presented a program on character and how our "habits define our destiny". She gave us several insights into the effect of praise in the work place and outlined character qualities that can determine our success in both our business and personal lives.

Beef Check-off Update, Texas Beef Council – Mr. Mike McCravey and Mr. Richard Wortham

Lunch Friday was sponsored by the Texas Beef Council and Mr. McCravey gave an overview of the work of the council with beef check-off funds. He explained ways that the Beef Council is emphasizing the health aspects of beef. Among other efforts, they have formed an alliance with the American Heart Association to promote lean beef and tie a “heart healthy” diet to lean cuts of beef.

Capitol Land and Cattle

After lunch on Friday, we were given a tour of Capitol Land and Cattle’s operation in Schwertner, TX. Jim Schwertner explained the operation where they purchase cattle directly from producers and from livestock operations and process and sell them in the facility at Schwertner within 24 hours. He explained the different methods they use to insure healthy cattle. Mr. Schwertner also explained some of the market forces they deal with in handling the cattle over a short period of time.

Summary

After a week in Austin, I came away with a great reminder of how our legislative process works. We all learn about this as children in school but being able to watch the process first hand as an adult reminds me of all of the effort that goes into the process of governing our state. I am reminded that the vast majority of our elected and appointed officials are working very hard to make sure that the decisions they make are good for the state. I think a statement from Dr. Shaw with the TCEQ summarizes the attitude I hope all government officials have. To paraphrase Dr. Shaw, the agencies need to make sure they are doing things because they are the right things to do and not just because the agencies can do them.

I was continually struck by how many legislators were still trying to determine the implications of the proposed legislation they are considering. Since it was early in the session, I think many of them were still looking for input from their constituents. It became clear to me that we have a responsibility to make sure that our government officials hear from the citizens of the state. It also became very clear how much influence our trade organizations have in communicating our wishes to the legislators.