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Mattox: Insurance too costly

By SCOTT SUTHERLAND
Assistant City Editor

Attorney General Jim Mattox said Wednesday that insurance companies have sold the public a bill of goods by insinuating the industry is experiencing financial hardship because of high jury awards.

He said the companies have conspired to drive rates up and force consumers to pay inflated premiums. He likened the conspiracy to the OPEC cartel that drove oil prices up in the 70's.

"The OPEC situation may be nothing compared to the effects of the collusive efforts of big insurance companies," Mattox said.

Mattox said municipalities around Texas have discovered their rates going through the roof, while insurance company earnings are soaring. He cited a small community outside Austin as an example.

He said the community, West Lake Hills, has had only one claim against it and has only 12 employees, yet 22 companies have refused to cover them. Mattox said 5 years ago the town paid \$1800 for insurance but today would have to pay over \$12,000.

But when asked whether he had any direct evidence to support his claim of collusion, Mattox said he did not.

"We have found a lot of smoke, but no fire," he said.

He added that he has people inside the industry who are seeking information to help him prove his suspicions. And he said the industry's lobby for a ceiling on jury awards for certain damages is a smoke screen.

In the past few months insurance companies have complained the court's exorbitant rewards have driven them into financial hardship.

But Mattox refuted the claim, saying only a small percentage of claims ever reach the trial stage.

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Retailer suing System comptroller

\$1.35 million in damages sought

By SCOTT SUTHERLAND
Assistant City Editor



Photo by DEAN SAITO

Visitors at the Texas A&M Micro Center in the Memorial Student Center look into different types of computers.

A local computer retailer has filed a \$1.35 million, class action lawsuit against the Texas A&M University System comptroller seeking to shut down the Micro Center, A&M's lowest-cost computer outlet.

KLS Computers, 701 University Dr., filed the suit January 29 against System Vice Chancellor and Comptroller Bill Wasson and other individuals acting under his authority.

The petition to sue accuses Wasson of promoting unfair trade practices by allowing the center to sell computers at uncompetitively low prices.

KLS is seeking \$1.35 million in damages from Wasson and an injunction that will close the doors on the Micro Center.

KLS's petition says the center uses public funds, public employees and public credit and hasn't reimbursed the public treasury for those funds. Those practices are destroying com-

petition with local computer retailers, the petition says.

The petition adds that with such low, state-funded overhead the center is able to sell computers at prices so low that other retailers cannot compete. These low prices and low overhead allow the center to capture 90% of the local market, according to the petition.

The center operates under the agreement that customers must be either faculty, staff or a student in the System. But the petition argues that the center doesn't police sales to make sure that only faculty, staff and students buy computers there.

The center has already bankrupted one local retailer and has destroyed the market for retailers that remain in business, the petition says.

The petition alleges that the center's employees encourage customers to shop at other stores and then buy computers at the center. Through such tactics the center has been able to maintain a lower payroll

than other businesses could normally operate with, the petition says.

The \$1.35 million is a KLS attorney's computed figure for all sales made by the center since it opened. The petition says the center sold 450 computers at \$1500 each for a total of \$675,000. But the petition also contends that the center sold an equal amount of software, making the combined total \$1.35 million.

The petition requests that the \$1.35 million be divided among the members of the class action suit. And the petition asks that Wasson pay all attorney's fees.

Surprisingly, the petition asks that KLS be represented by the Attorney General. The Attorney General also represents A&M in certain legal bouts.

"It is the Attorney General's function to protect the general business public, of which the class is a member," the petition stated.

The petition says System attorney

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Vendors: Computer sales ruined

By MIKE SULLIVAN
Reporter

Some local computer store operators claim the Texas A&M Micro Center, which sells computers to students at discounts, has destroyed the computer market in Brazos County.

Judy Wright, president of Yes Computers, says she's lost between one-third and one-half of her business since the Micro Center opened last March.

"Since the Micro Center opened, I have sold five Macintosh computers," Wright says.

The Apple Macintosh is a popular personal computer which Wright says used to account for 50 percent of her sales.

Wright says because the Micro Center buys from Apple Computer in volume, it's able to sell computers at retail for less than her dealer cost.

Kathleen Dixon, manager of public relations for education and con-

sumer markets for Apple Computers, says the relationship between A&M and the local computer dealers is left up to A&M.

Dixon says there are only 225 universities, including A&M, that have the authority to decide what the university/dealer relationship will be.

She says Apple encourages these universities to work with the local dealers, and even requires the remaining 3,000 universities to work through their local dealers.

The Micro Center restricts sales to students, faculty, and staff members, but Wright questions whether the University can enforce that regulation.

About 50 percent of the people in Brazos county are affiliated with the University in some way, she says.

Larry Berry, president of KLS Computers, says the best market, the University population, has been captured by the Micro Center.

He says the remaining market isn't interested in buying computers.

Wright says she asked the computer manufacturers to offer discounts to University affiliates through the local computer stores, but she says they told her the local outlets wouldn't be able to handle the volume.

Yes Computers does have an agreement with the Micro Center allowing them to sell the Apple II at the same price as the center, but Kevin Cureton, Yes' service technician, says the Apple II isn't even remotely as popular as the Macintosh.

Wright says the Micro Center has an exclusive contract to sell the Macintosh at prices the vendors can't touch.

According to the center's price list, the Macintosh sells for \$2,100-2,500, depending on the package.

John Kane, manager of the Micro

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A&M Micro Center seeks to help students, faculty

By DAVID CARTER
Reporter

Although local computer retailers complain that the Texas A&M Micro Center is putting them out of business, the center's manager says its only purpose is to offer computers at discount prices to students, faculty and staff of the Texas A&M University System.

In 1984 the micro computer subcommittee, comprised of A&M officials, decided that the University's best interests would be served by a discount computer center on campus.

John Kane, manager of the computer center, says, "The subcommittee identified the need to bring microcomputers to campus,

both into the offices and onto the desks of the faculty, staff and students."

The subcommittee considered selling computers at a discount through local vendors, Kane says, but felt those discounts wouldn't have been as significant as those offered at the center.

The subcommittee also felt allowing local vendors to sell computers would lessen the University's control over the quality of computer training and support and the location of training centers.

The second option considered by the subcommittee, the one they eventually chose, was to establish a center on campus that

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Reagan pleads for \$320 billion defense budget

Associated Press

WASHINGTON — President Reagan declared Wednesday that it would be reckless, dangerous and wrong for Congress to reduce his \$320 billion military budget request, saying cuts "could fatally compromise our negotiating position" with the Soviets.

Military spending cuts would be backsliding of the most irresponsible kind," he said in a nationally broadcast speech. Democrats, in reaction, were critical and even Republicans said the budget measure to be reduced.

Trying to reverse dwindling public and congressional support for his 5-year-old defense buildup, Reagan argued that "American power is the indispensable element in a peaceful world."

Congress already has "undercut our negotiators" at the Geneva arms talks by banning tests of anti-satellite weapons and unilaterally giving the Soviets "a concession they could not win at the bargaining table," the president said.

In a bluntly worded address prepared for a national broadcast from the Oval Office, Reagan said to cut defense now is "not cheap (and) it's not safe."

"Just as we are sitting down at the bargaining table with the Soviet Union, let's not throw America's trump card away," Reagan said.

In a brief reference to the ousting of Philippine President Ferdinand Marcos and his replacement by Corazon Aquino — his first public statement on the switch — Reagan applauded the "remarkable restraint shown by both sides to prevent bloodshed during these last tense days."

"Our hearts and hands are with President Aquino and her new government as they set out to meet the challenges ahead," he said. "Today, the Filipino people cele-

brate the triumph of democracy, and the world celebrates with them."

House Democratic leader Jim Wright, giving his party's response to Reagan's address, said the president's defense budget must be cut to protect the nation from another danger — huge deficits.

"We think the deficits themselves pose a danger to our national security," Wright said in remarks prepared for broadcast after the president's speech.

Wright said if Congress approves the 11.9 percent boost in authorized military spending that Reagan seeks for the fiscal year beginning Oct. 1, "we'd be spending

almost four times as much on the military by the end of this decade as the nation spent during the height of the Vietnam War."

Wright criticized "glaring waste," such as \$400 hammers and \$7,600 coffee pots, and said "even the Pentagon should be held to strict standards of accountability in spending taxpayers' money."

Reagan, defending his administration against charges of wasteful and sometimes fraudulent defense spending, said Defense Secretary Caspar W. Weinberger "should be praised, not pilloried, for cleaning the skeletons out of the closet."

Bullock says shortfall of \$6.1 billion possible

By JERRY OSLIN
City Editor

State Comptroller Bob Bullock said Wednesday that Texas will be facing a \$6.1 billion shortfall if the state Legislature allows the fiscal 1988-89 budgets to increase at the present biennium's rate.

Bullock, in College Station to address a state conference of county judges and commissioners, said the 8 percent increase allowed for fiscal 1986 and 1987 already has caused a projected \$1.3 billion shortfall.

"Even if they (the Legislature) enact a bare bones budget, and I mean a bare bones budget (for fiscal 1988-89), they will still be \$2.1 billion short," he said.

Bullock said Texas' financial crisis is not only due to the recent slide in crude oil prices but is also the result of a surge in the state's population.

"Spending patterns do track population," he said. "More people mean more kids, more classrooms, more schools. About 50 percent of all money spent by the Legislature goes to education."

Increased population means more needed funds for education, highways, social services, the Department of Public Safety and the Texas Department of Corrections, Bullock said. He said the five categories account for about 90 percent of the state's spending.

Breaks available for working parents

Tax deductible expenses listed

By JIM LUTHER
AP Tax Writer

Editor's note — This is the fourth in a series of five articles written to help taxpayers prepare their 1985 income tax returns. This installment covers expenses you may deduct.

WASHINGTON — Parents who must pay for child-care services in order to hold a job may qualify for a tax cut of up to \$1,440 from the federal government.

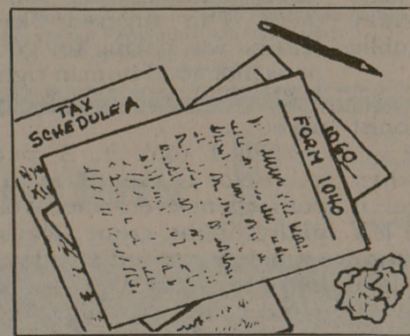
The tax benefit is available to a person who pays someone to care for a dependent child who is under 15 or is disabled (or a disabled spouse) so the taxpayer can work or seek work. The credit — which offsets taxes owed dollar for dollar — may be claimed by filing either Form

1040 plus Form 2441, or Form 1040A and Schedule 1.

Expenses eligible for the credit include household services, such as provided by a cook or maid if at least part of the service is for the dependent. Costs of feeding or educating a child generally are not eligible. However, if a day-care center provides lunch and some education as part of its child-care program, the full cost may be eligible.

You may not hire your own child under 19 to babysit and claim the credit, but you may pay your mother, for example, even if she lives with you, so long as she is not your dependent.

Expenses of up to \$2,400 are eligible if you are paying for the care of one person, or up to \$4,800 if for two or more. But the qualified ex-



penses also may not exceed your earned income for the year — wages, tips, commissions and the like, but not interest or unemployment compensation.

The credit is also limited by your total adjusted gross income. The full

credit of 30 percent of eligible expenses goes only to those with incomes of \$10,000 or less. It declines gradually as income increases — the credit is 20 percent for those with incomes over \$28,000.

Medical expenses that are not reimbursed by insurance or some other third party may provide a substantial tax reduction. But only the portion of expenses exceeding 5 percent of adjusted gross income may be deducted. You must file the long Form 1040 to itemize those deductions.

When you are totaling unreimbursed expenses, keep in mind you may count costs of transportation in connection with health care. That is

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