

State spending kept rising for years with Perry as governor

BYLINE: AMAN BATHEJA; abatheja@star-telegram.com

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Gov. Rick Perry's political stock has soared in recent months as he has traveled the country touting a decade of fiscal restraint in Texas under his leadership.

Last month, Perry made Texas history by signing a two-year state budget that cuts overall spending for the first time in over 40 years.

Perry has long promoted the state's fiscal record as a model for the country and a key to why Texas has weathered the recession better than most other states. He has opposed new taxes and been vehemently anti-Washington, and his message is drawing interest among Republican primary voters nationwide.

Yet before the latest one, the Texas budget had consistently grown during Perry's time as governor, with total spending rising faster than inflation and population growth, state data show.

What's more, spending through 2011, adjusted for population and inflation, rose more on average while Perry has been in charge than it did under his predecessor, George W. Bush, according to a *Star-Telegram* analysis.

In the past, Perry has criticized Bush for not controlling spending while governor.

"Let me tell you something," Perry told a small group of Iowa Republicans in 2007 while campaigning for former New York Mayor Rudy Giuliani, who was running for president. "George Bush was never a fiscal conservative. ... I mean, '95, '97, '99, George Bush was spending money."

When Bush was governor, total state spending rose 13.3 percent every two years on average. Adjusting the figures for population growth and inflation, that growth rate was 2.3 percent.

Perry took the reins in December 2000. From then until 2011, spending increased an average of 16.8 percent every two years. Once adjusted for population and inflation, that rate falls to 4.2 percent. Adjusted spending figures in the just-passed 2012-13 budget are not yet available.

If Perry runs for president, his fiscal record in Texas is sure to draw more scrutiny, just

as it did for Bush.

In the final months of the 2000 presidential election, then-Vice President Al Gore pointed to the growth of the Texas budget under Bush to argue that he and President Bill Clinton had more experience at reducing the size of government.

Perry's office and some budget experts say the entire state budget is not a fair gauge of a governor's fiscal record, since portions such as federal funding are not under his direct purview.

"Lawmakers and the governor have no control over that," Perry spokeswoman Catherine Frazier said.

Fed largely by state taxes and fees, general revenue has typically made up roughly half the Texas budget. It's the part of the budget that lawmakers spend most of their time arguing over during legislative sessions. Much of the rest of the budget is tied by provisions in federal law and the Texas Constitution.

When general revenue spending is examined by itself, the trends match better with the fiscal conservative image that Perry promotes. Though general revenue spending has grown with nearly every budget since Perry took office, it actually fell over the last decade an average of 0.6 percent every two years once those numbers are adjusted for inflation and the state's booming population growth. It rose during Bush's tenure.

"Obviously fiscal restraint is always something the governor has made a priority," Frazier said. "He's the only Texas governor since World War II that has cut general revenue spending."

That distinction is one that Perry has touted repeatedly in recent years, from campaign commercials to the biography on the governor's office website.

Mike Hailey, who runs the Austin political site Capitol Inside and served as Lt. Gov. Bob Bullock's press secretary, said that general revenue spending is "a more telling gauge" of a governor's fiscal record but that the rest of the budget is relevant as well.

He also noted that the Legislature chose to accept billions in federal stimulus money in 2009, which temporarily pumped up spending.

Different times

During their periods as governor, Perry and Bush have faced very different political and economic environments. For the nearly six years that Bush had the job, Democrats controlled at least one chamber of the Legislature. Since 2003, Republicans have held majorities in both the House and Senate.

Many Texas Democrats praised Bush's ability to work with both parties.

"If you compare the budgets of both governors based on keeping Texans with services and doing tax cuts, you'll find that Bush did both, whereas you'll find all Rick Perry did is cut spending and cut services," said state Rep. Garnett Coleman, D-Houston, who has served in the House since 1991.

Talmadge Heflin, director of the conservative Texas Public Policy Foundation's Center for Fiscal Policy, served in the Texas House from 1983 to 2005 as a Republican and has been chairman of the House Appropriations Committee.

"I don't think it's just Perry has been a Bush 2," Heflin said. "Perry's had a different approach to government even though both have been more on the conservative side than the moderate side."

Heflin said Perry has done a better job controlling spending than Bush, but he criticized lawmakers' use of accounting gimmicks to avoid deeper cuts in recent years. Like Perry, he has advocated for the Legislature to cap spending at the rate of population growth plus inflation.

"That does allow for infrastructure growth," Heflin said. "It just doesn't allow for bringing a bunch of new programs in."

Both governors also worked amid very different economic conditions.

"Gov. Bush enjoyed a time of steady economic growth, even overheated growth if you include Texas' part of the 1990s tech bubble," said Terry Clower, an economist at the University of North Texas.

Perry, meanwhile, has been governor during two recessions and major changes in key federal programs.

"In many ways, these differences make budget performance over these two governorships a matter of comparing apples to oranges," Clower said.

Federal funding

While the governor clearly has significant sway over the general revenue portion of the budget, his or her power over the rest of it is less clear. Federal funding has routinely made up about a third of the budget over the last decade.

Heflin said state officials have chased federal funds too aggressively, ignoring that they often prompt more state spending and can impede private-sector growth. He has argued that the state took too much stimulus money in 2009.

Frazier made clear that Perry is aware of the balancing act that comes with federal funds.

"Texas taxpayers send that money to Washington," Frazier said. "We deserve to have our fair share back as opposed to seeing that money go to other states. But there is that separate concern that federal spending has grown out of control and needs to be reined in."

Aman Batheja, 817-390-7695