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State of the State to address shortfall

Education, economy
also expected to figure
in Perry's speech.

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AUSTIN — In his State of the State address today, Gov. Rick Perry will specify ways to resolve a \$9.9 billion revenue shortfall without violating his "no new taxes" stand and will call for a Texas economic development strategy drawing on the Toyota courtship, according to people close to the governor.

Education, economic security and fiscal responsibility are described as the key points of this

year's speech, which the governor will deliver to a joint session of the Legislature.

Today's speech has been eagerly awaited, particularly because Perry last month submitted a proposed budget of nothing but zeros in every category of state spending.

With the state comptroller estimating a \$9.9 billion revenue shortfall through the state's next two-year budget period, Perry said the proposal symbolized the need to start from scratch in setting priorities and defining essential services.

Others called for specifics. Those will come today, those close to Perry promised, in the form of a menu of options in-

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Key themes

These topics are expected to dominate Gov. Rick Perry's State of the State speech today:

■ Fiscal responsibility

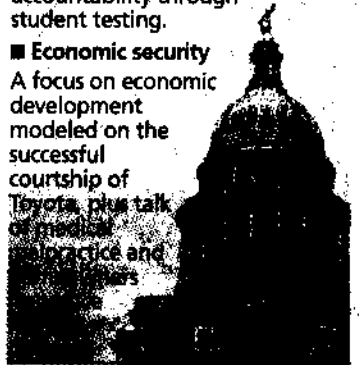
A blueprint for a balanced budget despite a \$9.9 billion revenue shortfall. Perry says it is possible without new taxes.

■ Education

A call for more education spending and greater flexibility for school districts, plus a defense of school accountability through student testing.

■ Economic security

A focus on economic development modeled on the successful courtship of Toyota, plus talk of medical practice and other issues.



EXPRESS-NEWS GRAPHIC



HARRY CABLUCK/ASSOCIATED PRESS

Gov. Rick Perry meets with Press Secretary Kathy Walt in the office of his chief of staff, Mike Toomey (right), in Austin. Perry and his staff Sunday were polishing his State of the State speech, which will be delivered today to a joint session of the Legislature.

Budget to play key role in Perry speech

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cluding cuts, savings achieved by efficiencies and increased revenues.

"I'll be there with bated breath," said House Democratic Caucus Chairman Jim Dunnam, of Waco. "Frankly, I'm much more interested in the governor's actions than in his message. His message has been the polar opposite of his actions thus far this session."

Rep. Elizabeth Ames Jones of San Antonio, vice chairwoman of the House Republican Caucus, supports Perry's approach.

"What I'd like to hear the governor talk about is the fiscal responsibility that we are going to take up in this session," she said. "None of my constituents have been writing me to raise their taxes."

Jones said she wants to hear

Perry describe how to use the "great success of getting this Toyota plant in San Antonio and how we can use the standards of this great new corporate citizen in our state to raise the bar for more to come."

And, she said, an emphasis on an educated work force is important.

Perry is expected to advocate additional spending on public education despite state fiscal problems. He'll include a call to lift certain state mandates from school districts, including paperwork requirements, those familiar with the speech said.

During last year's gubernatorial campaign, Perry drew criticism for his veto of a 2001 bill meant to limit teacher paperwork. At the time, he said the bill would have undermined local control and that current law contained provisions to re-

duce paperwork.

"Whatever he says and however he frames it, he has to be reassuring to the citizens that the state's problems are understood and that there are solutions on the table that the Legislature can implement," said media consultant Tony Proffitt, who worked for the late Democratic Lt. Gov. Bob Bullock.

Lobbyist Reggie Bashur, who worked for former Govs. Bill Clements and George W. Bush, both Republicans, said he expects Perry to define his conservative philosophy and point in the direction he'd like to see the Legislature move.

"I don't think it's incumbent on this governor or any governor to lay out (budget proposals) line item by line item," he said.

Eva de Luna Castro, budget analyst with the Center for

Public Policy Priorities, said the "key question" is "how we can pay for core services" with billions of dollars less in revenue.

Details about current state spending and the effect of shifting that money will help inform the debate, she said. Most of the state's general-revenue dollars are spent in education and health and human services, she said.

Michael Quinn Sullivan of the Texas Public Policy Foundation said his group wants the governor to advocate "greater levels of fiscal responsibility, higher academic standards in our schools, and the need to keep taxes low so Texas can continue to attract more business and economic development"

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