



Comments 60 | Recommend 1

## Gov. Rick Perry urges state agencies to immediately trim budgets

05:36 PM CST on Friday, January 15, 2010

By ROBERT T. GARRETT / The Dallas Morning News  
[rtgarrett@dallasnews.com](mailto:rtgarrett@dallasnews.com)

AUSTIN — State leaders asked agency heads today to submit ideas to cut spending by 5 percent this year.

While Lt. Gov. David Dewhurst and House Speaker Joe Straus, R-San Antonio, have called the move a precaution, Gov. [Rick Perry](#) sounded ready to roll.

Speaking to conservative lawmakers and policy analysts in Austin, Perry urged immediate trims.

"We've got to cut our spending now, to stay ahead of this budget challenge that we're going to face" in next year's session, Perry said in a luncheon address at an annual legislative conference sponsored by the Texas Public Policy Foundation.

U.S. Sen. [Kay Bailey Hutchison](#), Perry's main rival in the March 2 [Republican](#) primary for governor, criticized him last week for not already ordering cuts.

Perry said that although state government is "a lean operation," he's confident he and the GOP-controlled Legislature again will avoid raising any broad-based taxes, as they did in 2003. In that year, they closed a \$9.9 billion budget shortfall with deep spending cuts and some federal help, user-fee increases and accounting maneuvers.

"We've taken this tack before," Perry said. "We did it. And it works. Texans depend on us to make tough decisions in tough times."

Hutchison has criticized Perry's fiscal leadership, arguing the budget has grown too quickly – from about \$100 billion in overall spending, in the last budget passed under former Gov. [George W. Bush](#), to the current plan to spend \$182 billion this year and next.

Perry, though, stresses that spending of state-generated tax dollars has declined from the previous two-year cycle in two budgets enacted on his watch – last year's and the one passed in 2003.

The Legislative Budget Board, after adjusting for population growth and inflation, published figures last month showing that spending of state general revenue has decreased by nearly 10 percent since the 2001 session, Perry's first. Overall spending, including federal funds, has increased nearly 11 percent in those years.

That's 2 percent per session of growth, said Eva DeLuna Castro of the Center for Public Policy Priorities, which advocates more spending on programs that aim to help low-income Texans.

"That's mostly health care inflation," or the amount by which medical treatment price hikes have outstripped ordinary inflation, she explained.

Perry, in remarks to reporters, said he'd wanted to nudge state agency chiefs to aim for a higher spending-cut target - 6 percent of general revenue-related spending, minus some sacred cows like basic funding for public schools, which the leaders usually exempt.

He said "there was a little negotiation going on there," and Dewhurst and Straus settled for the 5 percent goal. Agencies must "identify savings in priority increments" by Feb. 15, the three leaders' letter says.

It speaks of "the uncertainty of the state's short-term economic future, as well as potentially substantial long-term costs associated with" federal health care and environmental legislation under debate in [Congress](#).

In November, Dewhurst proposed asking for ideas for cuts.

He and Straus have stressed, though, there's no reason to panic. Both cite forecasts by Comptroller Susan Combs that the Texas economy is likely to rebound this spring or summer.

Because some spending is exempted, cuts of 5 percent, if all were carried out, would generate savings of between \$1 billion and \$1.5 billion, said House Appropriations Committee Chairman [Jim Pitts](#), R-Waxahachie, and budget analysts. The current budget has slightly more than \$80 billion of general revenue spending.

Sen. [Tommy Williams](#), R-The Woodlands, said the budget gap could be "as much as \$17 billion" next session.

He cited expiring federal stimulus funds, property tax cuts that were not fully paid for in 2006 and normal growth caused by inflation and population increases.

But Williams, a leading [Senate](#) budget writer, said lawmakers next session have some advantages. They have "an honest broker" in Combs, not "someone waiting to ambush us," he said, referring to former Comptroller Carole Keeton Strayhorn's \$9.9 billion shortfall estimate in late 2002. She said conditions quickly changed that year.

Lawmakers could have \$12 billion or more in money to apply to the shortfall, and they know how to cut, Williams told a panel at the conference.

Sen. Royce West, D-Dallas, though, said, "There were a lot of people left behind in the 2003 budget cycle. And a lot of those cuts still have not been made up."