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TexasMonthly.com

October 2010

Show Me the Money

Paul Burka talks about cutting \$18 billion from the Texas budget, separating the essential from the nonessential, and spending money on bricks and mortar.

Interview by Kevin Sullivan

In 1985 Texas faced a \$1 billion deficit, and in that year's March issue of Texas Monthly, our very own Paul Burka slashed spending and solved the case of "The Bloody Billion." Twenty-five years later, Burka's back to balance the budget once again, but this time it's a whole other monster. With the state facing an estimated \$18 billion deficit, balancing the budget in 2010 isn't going to be nearly as easy, especially after editor Jake Silverstein, playing the role of Rick Perry, stipulates that Burka can't raise taxes. Taking a hard look at state run programs and exactly where tax dollars are going, Burka finds the wiggle room and decides what Texas really needs. Here's the story behind the story.

Finding \$18 billion dollars in the Texas budget is a daunting task. Where did you start? I tried to separate the essential from the nonessential. There are some things the state is constitutionally bound to do. It must operate a school system. It does not have to operate a Public Utility Commission. Indeed, when I looked at the operations and budget of the PUC, I concluded that we don't need the PUC at all, now that the state has deregulated electricity.

What was the hardest cut to make? I cut around \$5 billion from education. I wish it could have been zero. The future of the state depends upon our public schools. But I learned a lot while doing the research for this story. I had no idea that around \$664 million is diverted from the foundation school program into grant programs. I interviewed legislators and consultants who believe that these programs are not effective and have no standards by which their performance can be judged. I think that they are frills, and we can't afford frills in these times. This was an easy cut.

What was the most obvious? The most obvious cut was school construction. When I saw that more than \$1.4 billion was set aside for construction, I wanted to cheer. I needed big fat numbers to get \$18 billion. It is obvious to me that we shouldn't be spending money on bricks and mortar in these times. I set aside 30

percent of the total amount for schools with the greatest needs and cut the rest. I found another \$500 million or so in other construction that I could have cut from various agencies.

How do you think politicians would respond to your proposed budget? “He doesn’t have a clue about how to write a budget.”

How do you think the people of Texas would respond? “You should have cut twice as much.”

How much more difficult was balancing the budget this time around? It was a lot harder, for two reasons. One is that the format of the budget is different. Agencies list their priorities and set targets that they are supposed to meet, such as the number of wells inspected, for the Railroad Commission. The second reason is that the source of the money appropriated isn’t always easy to trace. A lot of it comes from dedicated funds. The budget is full of footnotes that give the appearance of transparency but really isn’t transparent. I had to be sure that I was cutting general revenue. That’s the only way to save money. The construction money for education was all GR.

How much of the \$18 billion could have realistically been made up for by taxes? Realistically, this Legislature is never going to raise taxes. So the answer is none. I did propose raising fees. We did that in 2003. That was eight years ago. I don’t see anything wrong with raising the cost of a driver’s license by 20 percent (from \$25 to \$30) once every eight years. A 20 percent increase in fees, licenses, fines, and penalties will yield \$2.74 billion.

Do you think a proposal similar to yours, including all cuts and new sources of revenue, could actually get approval and work? Not a chance. There is always talk about zero-based budgeting (that is, writing the budget from scratch every year), but in practice every budget builds off the previous one. The same programs get a few more, or a few less, dollars every year. This year, it may be a lot less.

What is the one item from your proposed budget balancing that you wish you would see realized? Marc Levin at the Texas Public Policy Foundation, along with lawmakers involved in corrections policy, such as John Whitmire, Jerry Madden, Jim McReynolds, and Sylvester Turner, have done great work in persuading their colleagues that people convicted of minor drug possession offenses or who commit technical parole violations should be placed in diversion programs, which are far less expensive than incarceration in maximum security facilities. The public really needs to understand that prisons are very expensive undertakings. We can save a lot of money just by using community treatment programs. I think the savings from these programs compared with prisons came out to be almost \$300 million.

If I can be permitted to add another item, it would be to cut staff expenses at public schools. I met with some education consultants from the Woodlands. They demonstrated how, with a couple of tweaks to staffing ratios, the state could save \$2.5 billion.

Do you see your cuts and new revenue sources as more extreme or common sense? Some people might consider raising fees to be extreme. I think it is common sense. The deer we hunt, the fish we catch, belong to the state. The state spends money for fish hatcheries and for game wardens to protect wildlife. It has every right to charge a fee to hunters and fishermen. In the piece, I argue that fees are different from taxes. If I pay a tax, the money disappears into state treasury. But if I pay a fee, I get something for my money—the right to hunt, to fish, to carry a concealed weapon, or to drive on a public road.

From start to finish, how long did it take you to balance the budget? I started working on the story

about six weeks before we went to press. But I really started working on it in 1975, when I began covering the Legislature for Texas Monthly, and even before that, when I went to work in the state Senate in 1969. I have spent a lot of time in budget hearings over the years.

Do you see the Texas Legislature doing as well as you did? I hope they do a lot better. My work is not a complete budget, by any means. It is just a way to help readers understand the state's problems and the kinds of choices budget writers are going to have to make in order for Texas to get through this fiscal crisis.

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