

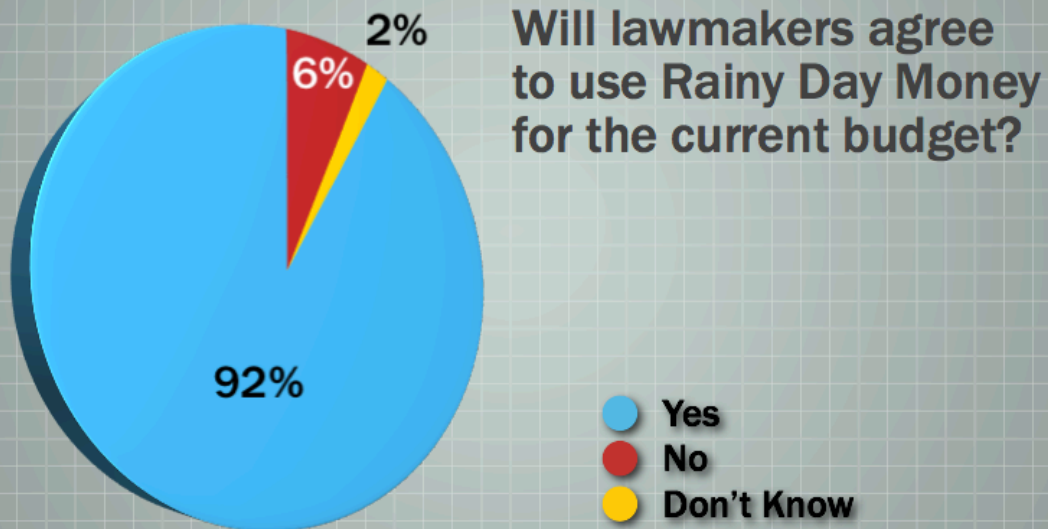
“INSIDE”

INTELLIGENCE

THE TEXAS TRIBUNE
TEXAS  WEEKLY

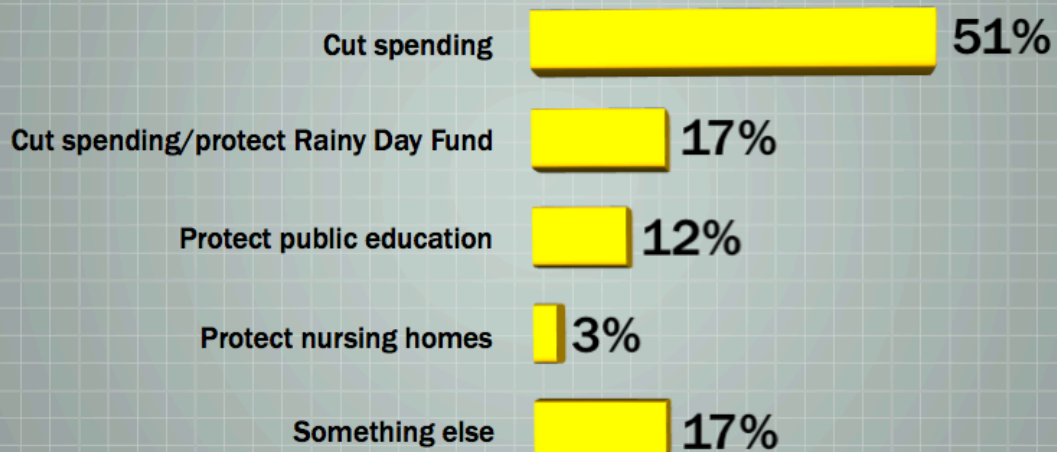
The insider's poll for the week of March 21.

INSIDE INTELLIGENCE



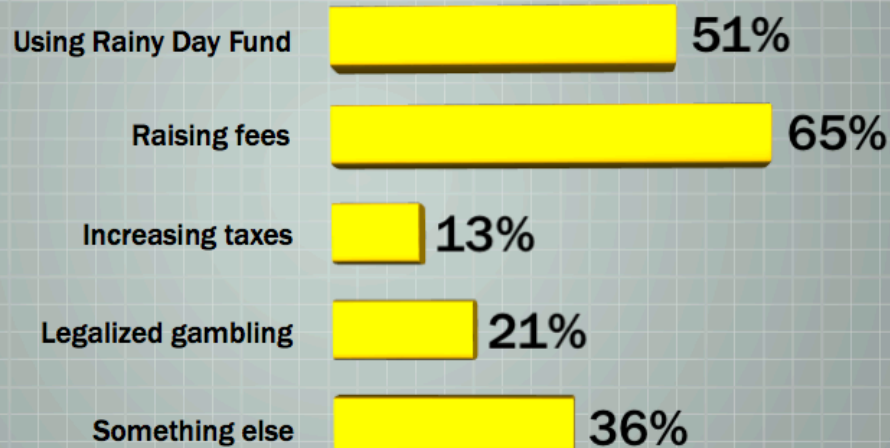
INSIDE INTELLIGENCE

What's the strongest impulse in the Legislature right now?



INSIDE INTELLIGENCE

How will they balance the budget?



*More than one answer is allowed.

Budget writers want to tap the Rainy Day Fund to balance the current budget. Will three-fifths of the Texas House and Senate go along with that?

- "They should but the Tea Party is more dedicated to destroying people's lives."
- "Because the Governor gave the nod to go ahead."
- "What choice do they have? Oh wait, we are talking common sense here."
- "They certainly don't have many options now that the fiscal year is about over!"
- "Even the most recalcitrant will figure out they have no choice."
- "With the OK from the Gov, that will give the cover the legislature needs to make the vote"
- "Yes. If they are smart they will take more than needed from the Rainy Day Fund to fill out this biennial budget AND carry over the balance to the 2012-2013 Budget."
- "People don't make decisions in a vacuum. They compare choices to what else is available. In this case, decisions on the budget (for this biennium and next) will only occur under duress, i.e., if 1) there is no other option, or 2) if all of the other options are clearly worse. For closing the current biennium deficit, there is no other choice but to use the rainy day fund. So, yes, they will vote to go along for 2010-2011."
- "They don't have the guts not to."
- "That's what the Rainy Day Fund is for."
- "And they should! In my experience -- proper government accounting requires all monies collected through taxation, approved through the public process, and not expended in the current budget cycle be brought forward as a -fund balance carry forward- into the next budget as the first line item under revenue. The concept of a 'what if' slush fund (by whatever name) method of budgeting allows for unlimited taking of the

public's money through taxation for a government 'kitty' with out any specific idea as to on what or when it will be spent. Some rational thinking along this line should resonate well with the very conservative majority. Perhaps an accounting professor could explain it better, however there has long been a lack of understanding of this very conservative approach in my opinion. I understand that almost all government bodies now have their own form of a 'rainy day fund', which has resulted in huge stockpiles of public monies taken for whatever seems wet at the moment."

- "If my math is correct that requires 120 votes. The Tea Party boasts 57 members. I don't see Tea Party Republicans voting to tap into the Rainy Day Fund."

- "Not in the House, too many new members who will afraid of the perceived political fallout from the right. Doable in the Senate."

- "Senate is an obvious yes. House will go along with it now that Governor Perry has provided cover."

- "Firing teachers is very bad politics. They will only be asked to use up to half of the fund."

- "The checks have already been written so the money must be there. If not, then the bond rating could be impacted."

- "New Republican members are learning that the reality of governing is a lot harder than the rhetoric of campaigning, especially when you have to step around people in wheelchairs on the way to committee hearings. The budget has already been cut down to the bone. Further reductions will devastate many Texas families. The question is: Will Texas invest for the future, or will we cut our way to Third World status?"

- "This is a 'when' not 'if' question."

- "The pressure on Members to protect education will only intensify as the Session drags on. They will at least approve tapping the fund to finish out the current biennium."

- "Perry said it's ok. He can't use it against them now so they will go along."

- "For all the rooster-strutting going on, the rural R's can't afford to gut their school districts, hospital districts, etc. and the suburban R's can't delay TxDOT matching and construction. Coupled with the D's, the RDF is practically spent already. They've had a lot of fun pretending to want to cut the budget and ultimately will call it a victory when they only spend part of the RDF rather than all of it."

- "No doubt there will be much wailing and gnashing of teeth from the Republicans, especially when the cameras are rolling, but if Rick Perry has spoken, the Texas Tea Partiers will simply have to rewrite their gospel for their messiah."

- "Gov. Perry gave the Republicans cover, so theoretically yes, the bill could get 3/5. Of course, the Dems and 11 Rs could say, 'No thanks, we don't like your narrow caption, we'll wait for Ogden's SB 1278.' Or maybe it doesn't get 3/5 (or even 2/3!) in the Senate. If you're a senator, why would you pass the House bill?"

- "The House will bluster in public. The Senate will opine for the masses. The real work will occur in the conference committee."

- "They dare not!"

- "Now that Gov. Perry was forced to support the use of RDF, both chambers will follow suit and git r dun!"

- "Chairman Pitts would not bring a vote to the floor on this issue if he hadn't already counted the votes and received the Governor's approval. The Senate, being a more moderate body, will follow suit."

- "You cant squeeze good policy out of some of these cats any more than you can put doodly squat back in a goose. However, political points are being made and the reality of having to deal with this in a special (or specials) sinks in. The willingness to tap some of it for at least the emergency budget item is growing and those that need to can go home and say they tried but in the end had to play nice."

What's the stronger impulse in the Legislature right now? (Verbatims from those who answered 'something else'.)

- "Re-election"
- "It appears that only members of the House Appropriations and Senate Finance Committees have a clear picture of the State's budget situation. The full House, in particular, has a long way to go to gaining a full understanding of and united vision for the adopting a budget."
- "Avoiding tough cuts in health care and education"
- "For the majority the impulse would be to protect education and perhaps nursing homes, but they are intimidated into a support of 'cut spending'."
- "The strongest impulse is: choosing not to decide. None of the items on your list are currently 'the stronger impulse.' That's why we aren't making any progress on covering the shortfall."
- "For the Reps, it is to get out of town without a tax increase and leave the perception that they have made substantial cuts to the budget. For the D's it is to build the perception that the Gov and R's are being irresponsible in their ax approach to the budget, especially with 6-7 billion in the rainy day fund that could be used."
- "Protect themselves. Rs are trying to figure out of whom they should be more scared: crazy Grover Norquist-ites, or crazed parents and teachers. Ds are battling dueling desires: a 'seat at the table' vs. opposing any cuts that hurt their constituents and ability to get re-elected."
- "Coming out in the best shape to be re-elected."
- "Protect their own a**es"
- "Destroy the credibility of successful programs such as public education, one of the greatest single contributions to a robust and prosperous democracy in history, to associate government permanently in the minds of Texans with the incompetence and mendacity of Republican governance."
- "There is more interest in Final Four brackets than in fixing large budget holes."
- "Protect public education spending (and let the rest of the castle burn to the ground)"
- "Protect their own backside."
- "Reelection"
- "The strongest impulse is to try to hide and hope the problem goes away! I sense that they want to mitigate all Health and Human Services spending cuts along with public education spending. There are no good answers or ideas coming forward so members are facing the reality of what the impact of those cuts will be."
- "Dewhurst has created a new subcommittee to find \$5 billion in state coffers. The leadership is still convinced that they can find additional monies without taxing. They hope to either find it in the sale of state property or the use of accounting schemes to keep from balancing the budget on the backs of the poor, teachers, students, and children."
- "Surviving re-election."
- "Take credit for 'balancing' the budget and blame someone else for the fallout."
- "The Governor and legislature is working hard to pass bills, including the fight on the budget, to accommodate the right wing of the Republican Party."

The governor opposes using any of the remainder of the Rainy Day Fund to balance the 2012-13 budget. How will the Legislature get the job done?

- "There are already numerous bills that raise fees, allow agencies to raise fees, or increase court costs."
- "Perry will relent after one or two special sessions and allow a budget that taps ~\$3B more from the Fund to pass w/o his signature sometime in mid-August. And everyone in The Lobby will hate him for making us work through an Austin summer."
- "Though revenues have ticked up a bit, as the implication of cuts only approach to balancing the 2011-2012 budget become increasingly evident, there will be one more \$3 billion run at the rainy day find."
- "The Lege has no choice but to use the RDF. Perry will veto it and call a special session. He'll claim that he's standing up to big government interests regardless of party."
- "Accounting smoke and mirrors if there are any left."
- "Imagine living within the funds available. Wow, now that is a novel concept!"
- "Cuts, cuts, cuts"
- "Cuts, cuts, cuts + magic."
- "I can't wait until 50 Rs have primary opponents in '12 who accurately call 'cost recovery' 'tax increases.'"
- "Massive delayed payments, some of which may be delayed based on a school district's fund balance."
- "Drastic cuts that will result in law suits. Predict TDCJ will be back under DOJ conservatorship by the end of the biennium."
- "Everything has to be on the table being \$27 Billion in the hole. What a misguided 'deal' made between Straus/Pitts and Perry to tap the Rainy Day Fund now but not for the 12-13 Budget. Why would you be willing to tie your hands for the 12-13 Budget negotiations before they even start? Dumb move by the House."
- "Odd that 'living within their means' is not an option..."
- "Significant cuts to public ed and Medicaid (although maybe not in the amounts of the base budget bills)."
- "They will backload the budget cuts into 2013 to allow everyone to run for re-election (or whatever office they might be interested in) and say (disingenuously) that they balanced the budget without raising taxes. At that point the economy will improve to the point that some cuts can be filled or we'll run out of money. That is what I call good governance."
- "By cutting spending."
- "The legislature is bound by law to balance the current budget-the public has already done its job through past taxes imposed and collected! Why is this so difficult-it's not the republicans or democrats or libertarians! It is a total misunderstanding of the 'excess taxes collected fund' dressed up as 'the rainy day fund' Along with these comments I would add that the waste which occurs in education and medical care is huge and an unwillingness to look at that as the real problem has created much of our problem."
- "You have to do a combination of all of them or you can't even get close to keeping public schools and nursing homes open."
- "Disagree with the question. The Governor SAYS he opposes using the RDF for 2012-13. Just like he SAID he opposed using any of it for any purpose...4 days ago. He'll take whatever position he has to in order to get out of session with a) a budget and b) some symbolic cuts he can use to sell his VP candidacy."
- "A combination of increased fees and other revenue enhancement measures."

- "Loosen restrictions on locals raising tax revenues."
- "No matter what they do...it won't be called 'raising taxes'. haha... Cash management tools will save billions, the media will call it 'smoke and mirrors'."
- "Where is the choice to cut more spending? Is that inconceivable?"
- "Put extra money into 10-11 biennium, then move expenses from 12-13 to 10-11."
- "Call the governor's bluff. Force him to take out the veto pen and use it. He's playing face-saving games, trying to make the House take the fall. Make him own this problem."
- "Cutting spending"
- "There is no single answer to this issue."
- "They may well do an exemption removal bill and say it is not an increased tax."
- "They will likely use an accounting trick for part of it -- kicking a chunk into the next biennium. If the Guv really digs his heels in on no more use of the Rainy Day Fund, things will get extremely difficult."
- "They had to ask the Governor for him to cover them once, I don't see the legislators being able to go back twice for permission."
- "The Governor is too busy running for VP to care about the impact in 12 if the cuts he would sign into law take place. Once again, we discover further evidence that Perry is all about Perry."
- "The budget gap remains immense. Even with non-tax revenue increases, there will be a need to draw more from the RDF to mitigate cuts to public schools and to account for Medicaid costs."
- "They will not restore funding in several critical areas and the public will be slow to react. The cuts will be implemented and bad things will happen. The next election cycle coupled with 'redistricted' districts will bring a lot of change..."
- "Accounting gimmicks."
- "Plenty of tricks available to continue to conceal the structural deficit created by an incompetent Republican tax plan that continues to punish the middle class and exploit the most vulnerable to reward the big donors and tax-dodging corporations."
- "The Lege will slog through with payment delays, gambling for higher ed (notice they cut exactly \$800M in HAC?), fees, etc. Some of the appropriations cuts, though, will cause local tax increases. But hey, they are not state tax increases!"
- "Going to a special session"
- "All of the above - the hole is just too big."
- "Numerous bills, from doing away with the exemption on the tax for red died diesel to increasing the lobby registration fee are already in the hopper."
- "It will not be possible to make some of the cuts necessary without shifting the costs to local entities. Those elected officials in turn will have to prioritize their spending and the cuts will be blamed on the legislature anyway."
- "The Lege would have still used the rainy day fund, even knowing that the Gov would veto the budget, causing a special and re-evaluate the another quarter's collection of sales tax and the margins tax."
- "Enron accounting tricks."
- "They won't get the job done--at least not until well into the summer. At that point, legislators and the governor will increase fees, use more money from the Rainy Day fund, and raise taxes while trying to avoid the appearance of doing so. (For example, they may make it easier for school districts to increase local property tax rates.)"
- "The Governor will balance the budget by cutting services to the poor and communities of color, including education."

Lawmakers are in a tight spot on the budget, with other issues looming. How do you think this will this play out?

- "New and increased fees."
- "Special session"
- "When the constituents figure out how much devastation has been forced on this State, there will be a massive turnover in the legislature."
- "Perry will veto the budget, regardless of what is in it, just to make a point."
- "They will attempt to muddy the water with other issues..."
- "It may go to a special session, in which case a more balanced package of revenue increases and cuts, or another run at the rainy day fund, become more likely."
- "2 words: Special Session"
- "The public is going to get angrier and angrier"
- "'Lawmakers' will use more cuts, raise a few fees and use some accounting tricks, then stick their heads in the sand."
- "Not well"
- "We will be in for two years of people trying to find out what they want to restore in 2013. This needs to happen for people to see just what they care about."
- "Republicans were elected on the promise of cuts. Why should anyone expect them not to cut? The only place where there seems to be a crisis atmosphere is in the media and at the offices of teachers unions. If there is no money, you can't spend it. It is time EVERYONE come to grips with that."
- "The budget will get done, as always, with a lot of wailing and gnashing of teeth, but it will get done as the Constitution requires. The political fallout is unpredictable at this time."
- "2 or more special sessions."
- "Special sessions"
- "August 31, No, Sept 12- bigger class sizes, less people receiving help from govt."
- "The way it always does: bloody train wreck followed by a tax bill"
- "Badly for everyone"
- "Special session"
- "Devastating cuts to education and health of course. But the GOP still has the votes to get bad things done. They can walk and chew gum."
- "Special session"
- "We'll balance the 2010-2011 budget with the first withdrawal from Rainy Day, and then dither on the budget and get it done in a special session. Redistricting is too important for it to get lost behind something as mundane as a record budget shortfall!"
- "SPECIAL SESSION"
- "Ultimately I believe some sort of expansion of gaming will occur. History has shown us that when dollars are tight, Legislators look to games of chance (lottery, tracks). You can't leave \$1B on the table in a session like this."
- "They will use RDFund and kick the ball down the road, after gutting public education."
- "Special session in which a revenue bill is finally passed. There will be a round of vetoes, followed by compromise bills, until some non-tax taxes are included."
- "There will be cuts and some modest revenue increases."

- "They will use the Rainy Day fund to help offset cuts next biennium."
- "There is the real possibility of a deadlock which carries the budget process into special session. Sen. Ogden does not have the votes EVEN IN HIS OWN COMMITTEE for a budget which guts public education and guts care for the elderly. The Senate may very well muster the fortitude to play a game of chicken with the governor."
- "Pass the budget with drastic cuts and repent in leisure."
- "Over the long hot summer..."
- "There will be a stalemate at the end of the regular session; Rainy Day Fund, one-time accounting measures, and cuts will be used in special session to avoid a tax increase."
- "Multiple Special Sessions. Governor vetoes the 12-13 Budget because of the use of the Rainy Day Fund and brings the Lege back. What does he have to lose, he is running for national office."
- "Rainy day fund veto = special session"
- "Special sessions are assured!"
- "Hardest end game to predict I have ever seen in Texas. They need about \$6 Billion more to avoid litigation over Medicaid cuts and at least \$6 Billion more for public and higher ed to prevent the masses from changing their signs to pitch forks. Accounting tricks and tax acceleration will not be enough. Anybody with big exemptions or incentives should be very worried."
- "The issues will go unaddressed."
- "Postpone until a Special, hope the numbers get better, but still do bloody things with that budget knife. The next question - how does this affect the next election??"
- "Don't make any summer plans."
- "An 'all of the above' solution (spreading the pain as widely as possible), sometime in the 2nd special session."
- "Combination of severe cuts, economic stabilization fund and more revenue"
- "Will need a special session."
- "They will go home smiling, but there constituents will NOT be smiling...."
- "Decisions to cut will be made and in the long run the people who thought that is what they wanted will begin to see why it is important for government to fund certain things like healthcare and education and will rebel against the Republicans/Tea Partiers who espoused this solution."
- "Behind the scenes where the public and the majority of members will have no idea what is going on, until they're asked to vote on it."
- "Multiple special sessions and a tax bill."
- "I remain confident that they will get meet their obligations."
- "Without strong leadership and a better understanding of the purpose and application of taxation --and perhaps even then, it will be a mess until the end of summer and in budget cycles to come."
- "There are no silver bullets. They know what they have, what each measure raises and what needs to be funded. For that reason I thought they would accomplish writing a budget during the regular session. However, the TEA Party and Perry's grand standing have added dimensions that may take a little extra time to overcome. I now think we will be in a special session in late July. When the schools are on the brink of closing many votes will change in the House."
- "Budget clearly dominates the Session, the easy vote is no - the difficulty will be budget writers who will have to come up with extra money somehow. The question will be what kind of cuts, blood letting or amputation."
- "The budget will dominate the legislative scene and everything else will be second fiddle including redistricting since the Republicans don't plan on passing a House or Senate redistricting bill."

- "Perry wins, he has no political reason to give on this issue."
- "I think Deuell, Ogden and other sensible Rs in the Senate hold the keys. As go they, goes the session and the budget."
- "They will do just enough to solve the problem for now and 'kick the can down the road' for any remaining problems."
- "Likely a special session. There is no real potential for a winner in this situation."
- "I hope it gets passed. I would like a vacation this year."
- "Special Session"
- "I think they will pass a budget during the regular session. Public ed will be spared brutal cuts, but higher ed will feel the pain."
- "Long hot summer"
- "Budget gap is closed at 11th hour, special session on redistricting"
- "Will make it difficult to get even routine bills passed."
- "Budget will be balanced"
- "Special session on the budget and a collective attempt to keep a straight face while generating revenue with 'fees' but not 'taxes.'"
- "They will spend rainy day funds"
- "A crises point will be reached that will justify the members taking tough votes."
- "The house and senate will be coming to a screeching halt very soon."
- "It is hard to see a resolution right now..."
- "With much wailing and gnashing of teeth. They are slowly sobering up. Acceptance is the last stage."
- "Badly. I'm amazed at how little attention is being paid by business to the coming cuts in

business services--which will just make it worse."

- "It will be played out by some very tired and worn out legislators all wanting to go home - in August."
- "More fees and less exemptions"
- "This will come back to bite the Legislature when the budget impact hits folks back home."
- "There is a calculus to this. One coordinate is the pain associated with the cuts and the other is the heartburn associated with revenue 'enhancements,' and the budget will be written where those two lines cross--probably somewhere with additional money in the range of \$7-10 billion above the original House base budget."
- "Badly."
- "Along party lines is how it will play out...no other way for either side. The R's say they did the best they could, the D's saying they could have done better."
- "The House, in particular, will be hyper-responsive to pleas from their local communities. The R's will try and get the budget over and done with and end the session on as many social issues, local control, and tea bagger appeasement (immigration, HCR, etc.)."
- "Budget Meltdown by May 30th. Special session(s) needed to adopt a budget."
- "R's will stick together. Senate R's will end up overriding the two-thirds rule and blocking attempts to generate revenue and mitigate cuts. Bad things will happen and several of our newly elected Fish will be one-termers. It will take a couple of sessions to turn around the bad policy results from the 2012-13 budget cuts."
- "Special session, rainy day fund, fees, and gimmicks."
- "It will be the usual circus, with ordinary Texans paying the price."

- "The session/s will be nasty, brutish, but not short."
- "Rainy day fund usage."
- "I don't know"
- "If 12,000 people show up for a party at your house, they tend to get attention. The longer the session grinds on, the more ordinary people understand about this mess and why we are in it. Public anger will continue to grow and legislators will have no choice but to uncover their ears."
- "Special session"
- "Special Session."
- "The budget is first. If the other issues, like redistricting, aren't reach because of time, then there will be special sessions."
- "I think they will pass a harsh budget during the regular session, and deal with the chips as they fall."
- "In the end it will be, 'I had not choice, the governor said he would veto any tax bill'."
- "Big crescendo. Still possible for everything to come together--if they are not going to create new revenue, why do a special?"
- "Special sessions"
- "Lots of angst. Pure 'cut spending' sounds great, until it hits teachers and grandmothers . . . and constituents/voters."
- "Lie, cheat and steal"
- "The Republicans have to lead and get the job done. It is better to stand for re-election having demonstrated an ability to govern than to have to explain all the special sessions because they were afraid of making hard decisions."
- "Not well. Cancel your summer vacations."
- "Negotiating with Perry is like negotiating with Israel over hostages: he doesn't blink,

and if you kill 100 of his he will kill 1,000 of yours."

- "Here's a question for you: Will either chamber release initial redistricting maps before the budget gets to the floor(s)? Why would a sitting legislator vote for a budget knowing that his district has been carved out?"
- "Legislators will be focused on the budget and will increasingly resent lobbyists demanding attention on any other controversial issue."
- "Special Session(s)"
- "Special sessions"
- "This is the first time many have experienced a free-falling budget. A lot of people believe they know how it's going to play out, but the reality is that is all a guessing game at this point."
- "I don't know. I can't remember ever being in this kind of environment."
- "Children barking, dogs crying, Lady Bird Lake boiling."
- "There will be a special session but eventually they will pass a budget by tapping more of the rainy Day fund."
- "Republicans will divulge into a bloody civil war."
- "It will go down to the wire - the clock will run out - the boss will lock the door and say we are staying here another 30 days if it takes that to get it done - lots of stuff is going to die this session, good and bad."
- "Coming up next: a very special summer. (See #3 above.)"
- "They will use a significant portion of the Rainy Day fund to get thru this biennium. They will cut spending, raise fees and perhaps institute new taxes to preserve spending on healthcare and education, (both of which should be cut- healthcare most dramatically). They will fail to address illegal immigration and criminal justice in any meaningful way

and will pat themselves on the back for voter ID measures which will also do little to address fraud or ballot integrity."

• "The fight to balance the budget will be a very partisan fight, won by the right wing of the Republican controlled legislature."

Our thanks to this week's participants: Victor Alcorta, Clyde Alexander, George Allen, Jay Arnold, Kip Averitt, Charles Bailey, Tom Banning, Reggie Bashur, Eric Bearse, Mark Bell, Allen Blakemore, Tom Blanton, Steve Bresnen, Linda Bridges, Andy Brown, Jose Camacho, Lydia Camarillo, Marc Campos, Snapper Carr, Janis Carter, William Chapman, George Cofer, Rick Cofer, John Colyandro, Hector Deleon, Scott Dunaway, David Dunn, Jeff Eller, Craig Enoch, Alan Erwin, John Esparza, Jon Fisher, Terry Frakes, Dominic Giarratani, Scott Gilmore, Daniel Gonzalez, John Greytok, Marta Greytok, Wayne Hamilton, Albert Hawkins, Adam Haynes, Jim Henson, Ken Hodges, Steve Holzheuser, Mike Hull, Kathy Hutto, Shanna Igo, Carl Isett, Cal Jillson, Jason Johnson, Karen Johnson, Robert Kepple, Tom Kleinworth, Ramey Ko, Tim Lambert, Nick Lampson, Pete Laney, Donald Lee, Richard Levy, Ruben Longoria, Vilma Luna, Matt Mackowiak, Kurt Meacham, Debra Medina, Robert Miller, Bee Moorhead, Craig Murphy, Keir Murray, Nef Partida, Gardner Pate, Jerry Philips, Wayne Pierce, John Pitts, Royce Poinsett, Kraege Polan, Ted Melina Raab, Bill Ratliff, Karen Reagan, Carl Richie, Jeff Rotkoff, Jason Sabo, Luis Saenz, Jim Sartwelle, Stan Schlueter, Steve Scurlock, Terri Seales, Christopher Shields, Patricia Shipton, Ed Small, Martha Smiley, Terral Smith, Todd Smith, Larry Soward, Dennis Speight, G. Sprinkle, Keith Strama, Bob Strauser, Colin Strother, Michael Quinn Sullivan, Russ Tidwell, Bruce Todd, Trey Trainor, Ware Wendell, Darren Whitehurst, Woody Widrow, Ellen Williams, Christopher Williston, Michael Wilt, and Alex Winslow.