

Session '11: Lt. Gov. David Dewhurst

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Panelists discuss Senate's search for extra \$5B

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- Josh Hinkle

AUSTIN (KXAN) - On this edition of Session '11, Lt. Gov. David Dewhurst talks about the Senate's hunt for \$5 billion and his political future after the session. Also, Wayne Slater of the Dallas Morning News and Jay Root of the Associated Press participate in the onpolitix panel.

TRANSCRIPT BELOW:

Rep. Doug Miller, R-New Braunfels: "I certainly hope we can find an extra \$5 billion."

Rep. Garnet Coleman, D-Houston: "Where are you going to find \$5 billion? There is no money."

Rep. Mike Villarreal, D-San Antonio: "Making big corporations pay their fair share of taxes."

Rep. Rob Orr, R-Burleson: "I think everybody's looking at every fund and making sure we're maximizing."

Texas lawmakers are on the hunt for more money. The historic budget shortfall now has the Senate searching for an extra five billion dollars. This morning, we're one-on-one with Lieutenant Governor David Dewhurst. His hopes in the last 50 days of the session. And his political future beyond. It's all coming up on Session 11.

Announcer: "From KXAN Austin News, this is Session 11. Live interactive breakdowns, insights, interviews, and our weekly roundtable discussion. You're watching Session 11 on KXAN Austin News."

Sen. Bob Deuell, R-Greenville: "Well, the last count, we had \$2 billion of sustainable income, but the goal was \$5 billion. None of us were quite sure we could find \$5 billion that was sustainable. If we could find money that was just going to put us in this same situation next session, we weren't sure we wanted to do that."

A Senate budget plan is just days from a Finance Committee vote. Members aim to pump more back into the budget. But as you just heard, the panel tasked to find that extra, needed five billion might be striking out. Good morning. I'm Robert Hadlock. Thanks for joining us on Session 11. Senators have pledged to do better than the House, spending billions more on education and health and human services. The lieutenant governor's newly-appointed "fiscal matters" panel cancelled its first meeting. The vice-chair of that group said members weren't ready - despite a push to have the budget ready to go by the end of this week. KXAN Political Reporter "Josh Hinkle" joins us now in the studio. Josh, even though it looks like things aren't set just yet, that group's preliminary plans have surfaced anyway.

That's right, it's something I blogged about this week on onpolitix.com. In that document, Senators outline about 90 recommendations of how the state can get that extra money. The vice-chair says not everything they've looked at will work - it could end up putting the state into the same or worse condition by the next session. But there are some very interesting suggestions. Texas could gain 111 million dollars by canceling the back-to-school sales tax holiday in tough economic times. It could save another 111 million by releasing non-violent prisoners eligible for parole and immediate deportation. And the state could see another 50.5 million by boosting traffic fines to 45 dollars from 30. Those - along with the rest of the items on the list - add up to about five and a half billion dollars. The vice chair also said Senators expect to lay out the full budget by the end of

<http://www.kxan.com/dpp/news/politics/session-11-lt-gov-david-dewhurst>

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the week. That means this revenue search needs to be done by then. This morning, our onpolitix Poll asks: Can Senators find at least \$5 billion in sustainable, non-tax revenue for the budget? Log on to kxan.com and let us know what you think. And while you're there, click on the onpolitix tab at the top. You'll go straight to our special political site, where you can find our latest coverage and that blog post I mentioned. Plus, click the blue bar at the top to chat with us. This morning, we're talking about this money hunt and the state's financial crisis. Our onpolitix Panel will field your questions later in the program. And today, we've got a great panel lined up - some of the best journalists covering the Capitol right now. Certainly lot of insight into these issues. Robert?

Our newsmaker this morning can say the same. With all eyes now on the Senate, the pressure is on Lieutenant Governor "David Dewhurst" to lead the chamber through this funding fight. KXAN's "Chris Willis" sat down with the man to find out "how" the Senate plan will work - and also the big decisions he plans to make about his political future after the session.

HOUSE APPROPRIATIONS CHAIRMAN
HOPES THE HOUSE AND SENATE CAN
GET TOGETHER, GET A BETTER PIECE
OF LEGISLATION.

DO YOU SEE THAT HAPPENING?

>> I DO.

I DO.

WE'VE WORKED WITH THE HOUSE,
WITH JIM PITS BEFORE.

I THINK HIS COMMENTS WERE THAT
HE NEEDED HELP WITH THE SENATE
TO TRY AND COVER OUR OBLIGATIONS
IN OUR PUBLIC SCHOOLS AND THAT
HE WAS CONCERNED ABOUT THE FACT
THAT THE HOUSE HAS A 34% CUT IN
THE MEDICAID RATES FOR NURSING
HOMES.

CHRIS, THAT WOULD DRIVE OUT,
THERE WOULD BE NO MEDICATE
PROVIDER THAT COULD PROVIDE A
NURSING HOME, SO WE'D HAVE A
SITUATION WHERE 50,000 TO 60,000
ELDERLY PEOPLE WOULD

BE PUSHED
ON TO THE STREET.

I DON'T THINK THAT'S THE INTENT.

>> WILL THE BUDGET PASS IN THE
SENATE WITH THE CUTS IT HAS NOW
OR WHAT WOULD HAVE TO BE DONE TO
JOCKEY AND ADJUST THAT?

>> EACH HOUSE LOOKS AS THEIR
ROLE AS INDEPENDENT.

WE'VE BEEN WORKING ON OUR OWN
BUDGET NOW FOR THREE MONTHS.
WE'VE ALREADY BEEN GOING THROUGH
ALL THE ARTICLES, THROUGH HEALTH
CARE AND THE MEDICAID PART OF
THE BUDGET, AND PUBLIC
EDUCATION, HIGHER EDUCATION,
PUBLIC SAFETY, AND SO WE'VE COME
UP WITH OUR OWN JUDGMENTS IN THE
SENATE ON WHAT ARE OUR
PRIORITIES.

WE'RE GOING TO FUND OUR
PRIORITIES.

I THINK YOU'VE GOT TO KEEP IN
MIND THAT YOU CAN CUT PUBLIC
EDUCATION, BUT UNLESS YOU CHANGE
THE CURRENT LAW, YOU STILL OWE
THAT MONEY.

>> RIGHT. 5

>> THE SAME THING IS TRUE WITH

MEDICAID, SO I THINK WE HAVE TO LOOK AT THAT CAREFULLY, AND IF NECESSARY IN SOME CASES, CHANGE CURRENT LAW, BUT MAKE SURE THAT WE'RE PROVIDING THE ESSENTIAL SERVICES THAT PEOPLE WANT. BUT CHRIS, THE MAIN THING IS IT DOESN'T MAKE ANY DIFFERENCE WHETHER IT'S THE HOUSE BUDGET WHICH STATE AND FEDERAL FUNDS IS GOING TO CUT ABOUT \$25 BILLION, OR IT'S THE SENATE BUDGET, WHICH WILL STILL CUT A SIZEABLE AMOUNT OF MONEY.

I DON'T KNOW WHAT THE FEDERAL DOLLARS ARE, BUT FROM CURRENT SPENDING, FROM CURRENT SPENDING, STATE DOLLARS, NOT INCLUDING FEDERAL DOLLARS, I WOULD THINK THE SENATE WILL BE SEVEN, EIGHT, \$9 BILLION BELOW THE CURRENT SPENDING.

>> THAT PUTS THE SENATE VERSION DISPUTES MONEY BACK INTO HEALTH AND HUMAN SERVICES AND PUBLIC EDUCATION TO THE TUNE OF, APPROXIMATELY FIGURES, \$10 BILLION.

WHERE DO WE FIND THAT MONEY?

>> IT'S GOING TO BE TOUGH.

AT THE END OF THE DAY, WE WANT TO MAKE SURE THAT SINCE GOVERNMENT HAS NO MONEY, IT'S THE PEOPLE'S MONEY, THAT WE ONLY FUND PROGRAMS THAT ARE REALLY IMPORTANT.

WE'RE GONE THROUGH THIS EXERCISE IN 2003 WHEN I CAME IN AND WENT THROUGH IT LAST YEAR IN 2010 AND WE'RE DOING IT AGAIN IN 2011.

IT'S A HEALTHY PROCESS TO GO IN AND SAY DOES THIS PROGRAM, NOT ACROSS THE BOARD CUTS, BUT DOES THIS PROGRAM HAVE THE SAME PRIORITY TODAY AS WHEN WE PASSED IT.

IF THE ANSWER'S KNOW, WE NEED TO CUT BACK OR ELIMINATE OUR FUNDING. 6

WHAT I'M AFRAID OF IS AFTER MAY 30 AND OVER THE NEXT YEAR AND A HALF, IF WE DON'T DO THIS RIGHT, YOU'RE GOING TO HAVE A TSUNAMI IN 2012 AGAINST THE CURRENT MEMBERS.

IF WE'VE GOT MILLIONS OF PARENTS THAT ARE UPSET BECAUSE THEIR KIDS AREN'T GETTING A GOOD EDUCATION, IF WE'RE PUSHING 50,000-60,000 ELDERLY PEOPLE OUT ON TO THE STREETS, HEY, THAT'S NOT A PICTURE I WANT TO SEE ON YOUR STATION ON MY WATCH.

>> THE THREE KEY WORDS WE HEAR A LOT ABOUT IS RAINY DAY FUND. WILL THE SENATE TRY TO USE A LOT

HAVE IT?

>> THE GOVERNOR'S SUPPORT HAS INFLUENCE, A LITTLE BIT MORE INFLUENCE WITH SOME OF THE HOUSE MEMBERS IN THAT WE HAVE A -- IN THE SENATE, 50% OF MY MEMBERS ARE IN SENATE FINANCE, SO I THINK THEY UNDERSTAND WHERE WE ARE.

ANOTHER 50% WERE GIVEN TOO FOREYELLS ON A WEEKLY BASIS. IN THE HOUSE, THEY HAVE 16%. WE HAVE THREE TIMES THE NUMBER AS A LARGER PERCENTAGE, AND I DON'T KNOW THAT THEY'RE DOING THE TUTORIALS.

PART OF THIS IS JUST INFORMATION.

I THINK A LOT OF HOUSE MEMBERS ARE STARTING TO UNDERSTAND THAT YOU CAN'T NECESSARILY ELIMINATE CERTAIN PROGRAMS THAT ARE IMPORTANT TO A LOT OF PEOPLE.

FOR INSTANCE, IN SLASHING MEDICAID SPENDING, IF YOU REDUCE THE MEDICATE REIMBURSAL RATE ON NURSING HOMES BY 34%, AND MOST OF YOUR NURSING HOME OPERATORS OPERATE ON A FOUR, FIVE, SIX, SEVEN, 8% PRETEXT MARGIN, EVERYBODY IS GOING TO BE OUT OF BUSINESS.

WHAT DO YOU DO WITH THE 60,000 7 ELDERLY PEOPLE THAT ARE IN NURSING HOME BEDS, AND COVERED UNDER MEDICAID?

YOU'RE GOING TO BE PUSHING THEM OUT.

SOME MAY HAVE FAMILIES THAT CAN TAKE CARE OF THEM.

SOME, THERE ARE A FEW CHURCHES THAT MIGHT BE ABLE TO TAKE CARE OF THEM, BUT BY AND LARGE, MOST OF THESE PEOPLE DON'T HAVE FAMILY, OR THEIR FAMILY WORKS.

THE HUSBAND, THE WIFE, AND SO HOW DO YOU TAKE CARE OF THEM?

IN PUBLIC EDUCATION, IT'S IMPORTANT THAT WE NOT SPEND MORE THAN WE NEED TO, BUT WE NEED TO SUPPORT OUR GOOD TEACHERS AND MAKE SURE THAT WE'RE FUNDING OUR SCHOOLS ADEQUATELY.

THAT'S A REQUIREMENT UNDER THE TEXAS CONSTITUTION.

AT THE END OF THE DAY, EVEN IN THE SENATE, WE'RE GOING TO CUT FROM CURRENT SPENDING SOME SEVEN, EIGHT, \$9 BILLION.

IF YOU ADD IN PROBABLY, OH, THAT WILL TRIGGER \$10 BILLION OR SO, FEDERAL FUNDS, SO WE'LL PROBABLY CUT IN TOTAL 15-\$18 BILLION, BUT IN A NUMBER OF AREAS, WE'RE GOING TO BE HIGHER THAT WANT HOUSE BECAUSE WE'VE HAD MORE

TIME TO STUDY IT, MORE OF OUR MEMBERS HAVE STUDIED I HAD. WE WANT TO MAKE SURE THAT WE FUND THE ESSENTIAL ITEMS.
 >> TELL US ABOUT THE SENATE.
 >> I THINK A LOT OF SUPPORTERS HAVE BEEN SITTING ON THEIR HANDS AND WAITING.
 I NEED TO MAKE A DECISION IN JUNE WHETHER I'M GOING TO RUN FOR THE U.S. SENATE IN 2012 OR STAY RIGHT WHERE I AM AND RUN FOR GOVERNOR IN 2014, SO I'LL BE -- IT'S NOT THAT

FAR AWAY.

Their conversation continues for another 20 minutes, we have the entire thing streamed on our websites kxan.com and onpolitix.com. Up next, see what's happening across the Capitol in the House.

Rep. Veronica Gonzales, D-McAllen: "Representative Munoz, I noticed your bill dealt with public junior colleges and public junior college districts. Is that right?"

Rep. Sergio Munoz, Jr., D-Mission: "Yes, ma'am."

Gonzales: "Did you bring the bill because you're in junior college?"

"Hazing" House freshman. A fun, yet time-consuming tradition. In a session when every minute matters, some wonder whether members should just focus on the "important" issues at hand. Next on Session 11.

Welcome back to Session 11. It's a long-standing tradition in the Texas House. "Hazing" the freshmen as they lay out their very first bill. Jokes, jabs, and often ridiculous questions meant for laughs are now getting a more serious look from some people. Not a big deal? Or should lawmakers spend their time on the "pressing issues" facing Texas? Check it out for yourself. We pulled some of the best clips from the House online video archives.

Rep. Beverly Woolley, R-Houston: "Excuse me, excuse me. Is this your first bill?"

Rep. Sarah Davis, R-Houston: "Yes, ma'am."

"Attention, attention. Calling all freshmen."

Rep. Joe Farias, D-San Antonio: "I stepped up to the mic, because I think some folks fell asleep and they forgot to come up and harass you a little bit."

Rep. Veronica Gonzales, D-McAllen: "I saw that your bill deals with disabled parking placards. You wouldn't put one of those on that nice, beautiful Bentley you drive, would you?"

Rep. Connie Scott, R-Corpus Christi: "No, ma'am, I would not."

Rep. Eddie Lucio, III, D-San Benito: "Are you saying you had your bill book at your desk and it disappeared?"

Rep. Sergio Munoz, Jr., D-Mission: "Yes, and I'm going to see if I can request a copy from the information resource to see who the culprit was."

Rep. Trey Martinez-Fischer, D-San Antonio: "We just have a couple of questions. Question #1. Who's your favorite Bexar County member?"

Rep. Lyle Larson, R-San Antonio, "Obviously, it's the gentleman who's speaking."

Martinez-Fischer: "And what's his name?"

Larson: "That would be Trey Martinez-Fischer."

Martinez-Fischer: "Also known as?"

Larson: "Well, I can't say that openly."

Rep. Rick Hardcastle, R-Vernon: "Could you explain this bill in my language like you did yesterday?"

Davis: "I will do my best. Thank you, Madam Speaker and members. I bring this bill, because we got some child pornographers out there not getting justice. So we've got to make sure these search warrants are covering the devices that they go and get. I move passage."

Rep. Mark Strama, D-Austin: "What time did this local calendar begin this morning?"

Woolley: "I wish I knew."

Strama: "Madam Speaker, parliamentary inquiry. Are the freshmen trying to chub the voter ID bill to death on the local calendar?"

Woolley: "I'm not advised."

Strama: "Are they aware that's been done?"

It's a big freshman class, so there's a lot to go through - but still amusing to some, obviously. If you have something to say about that or the state budget crisis, let us know. Robert is standing by with our onpolitix Panel to field your questions. Just go to our special political site, onpolitix.com and chat with us. Our budget breakdown and future transportation trouble for the state... when Session 11 returns.

Welcome back to Session 11. For an inside look at what's happening at the Capitol, we turn to our onpolitix Panel this morning. "Wayne Slater" is the senior political writer for The Dallas Morning News. And "Jay Root" is a Capitol reporter for the Associated Press. Our "Josh Hinkle" also joins the panel to field your online chat questions. Welcome.

Thanks for joining us. Session 11 is back after the break.

Lt. Gov. David Dewhurst: "Oh, I'm personally opposed to the expansion of the footprint. There may be some more interest in that."

Gambling in Texas. Good source of revenue? Or bad business for the state in a financial crisis? The lieutenant governor says he's talking to Senators now to find out if casinos and slot machines at race tracks will fly this session? Our entire interview with him is online now at kxan.com. While you're surfing, click on the onpolitix tab at the top. You'll head straight to our special political site, where you can check out our latest coverage, previously broadcast Session 11 programs, and blogs. This morning, our onpolitix Poll asks: Can Senators find at least \$5 billion in sustainable, non-tax revenue for the budget? 50 percent of you said "No." Robert?

Thanks, Josh. Finally - Texas lawmakers are putting their foot down when it comes to collecting more sales tax. The House Ways and Means Committee this week unanimously approved a bill that would increase sales tax collection on Internet transactions. The bill expands what constitutes a "physical presence" to include bloggers who

are paid to promote sales on the other websites. Companies like Amazon.com often pay these bloggers a commission. Lawmakers say they aren't raising taxes - just "plugging a loophole". That's true - but the end result is more tax money will be flying out of your pocket - so get ready for it. Join "David Scott" for our next newscast on KXAN coming up at 5. Meet the Press - with guest Congressman Paul Ryan - begins right now. Have a great morning.