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Miles to go on budget deal before lawmakers can rest



Sen. Jane Nelson, R-Flower Mound — flanked by Lt. Gov. Dan Patrick, right, and Sen. Paul Bettencourt — is chairwoman of the Senate Finance Committee. | **Ralph Barrera via AP** - Austin American-Statesman

BY DAVE MONTGOMERY

Special to the Star-Telegram

Even with a breakthrough in negotiations, lawmakers engaged in the battle of the state budget concede that they have many details to work out in the final two weeks of the legislative session.

For more than seven hours Thursday, Sen. Jane Nelson and Rep. John Otto, along with a few budget aides, secluded themselves in a conference room behind the House chamber to seek common ground in their roles as chief budget writers for the 2015 Legislature.

Even Nelson's senior staffers didn't know her whereabouts. Except for one bathroom break and occasional trips to their respective chambers for legislative business, the two senior lawmakers stayed rigidly focused on the task at hand, encumbered by "mounds and mounds of paperwork," as Nelson described it.

With the June 1 adjournment two weeks away, such marathon sessions have become increasingly common as Nelson, Otto and the eight other members of the conference committee scramble to remove the obstacles between them and their fundamental duty: producing a spending plan to run the state for the next two years.

It's not a job for the fainthearted. Since plunging into the assignment weeks ago, they have had to navigate around land mines and policy disputes in crafting a budget that will be on the order of \$210 billion.

If approved by both chambers — and there are no guarantees — the product of their work will affect 26 million people in a megastate with an economy bigger than all but about a dozen countries.

"I've got to tell you, it's a lot of work," Nelson, R-Flower Mound, said in a telephone interview Thursday night, her voice slightly hoarse after the marathon meeting with Otto.

"I've talked to some CEOs of very large businesses who have come to talk to me about budget items, and most of them don't realize how huge our budget is. I asked them, 'Could you put together a \$210 billion budget in six months?'"

Nelson, a legislator since 1993, leads the Senate Finance Committee, and Otto, a Dayton Republican and CPA, chairs the House Appropriations Committee. Because of those roles, they automatically became co-leaders of the 10-member conference committee after the House and Senate passed their budgets.

Conference committee members and other lawmakers say Nelson and Otto have forged a strong working relationship. Sen. Juan "Chuy" Hinojosa, D-McAllen, vice chairman of the Senate conferees, describes it as one of "mutual respect." Otto, who was unavailable for an interview, has served as a budget conferee four times. Nelson has been on the joint panel three times.

Like other conference committees, this one is composed of five House members and

five senators tasked with resolving differences between the budgets.

Nelson also wears two hats because the Senate Finance Committee, unlike Otto's panel, deals with both spending and revenue, putting the North Texan at the center of a fierce dispute over a proposed tax relief package.

For weeks, the House's insistence on cutting sales taxes and the Senate's demand for reducing property taxes stirred fears of a budget stalemate, but a compromise late last week appeared to break the impasse.

The tax relief package, which was still being fine-tuned, includes the business tax reductions that Gov. Greg Abbott has demanded, along with a smaller package of property tax relief than what the Senate passed, according to media reports. The compromise drops the proposed sales tax cut, The Texas Tribune reported.

In her discussions on tax relief, Nelson said she and House Ways and Means Chairman Dennis Bonnen, R-Angleton, the architect of the House tax relief package, met for two hours without staff in her office more than a week ago.

Nelson said she came away with a better understanding of the House position on the once-divisive issue.

"It's amazing when you close the doors and learn about what the other side is thinking, what their priorities are," Nelson said. "And I'm telling you, we agree on a whole lot more than we disagree on, so I'm very optimistic. We're going to get this done."

After the latest breakthrough, Nelson said, she is confident that property tax relief will emerge from the Legislature, although she declined to offer specifics on the compromise.

"We're able to meet all of our needs and give some of it back," she said. "I've been down here when times were tough and we had some really, really painful cost reductions. This is a much nicer problem to have."

While the apparent accord on tax relief raised hopes of a smoother path, budget conferees were still trying to resolve issues large and small. As of midweek, differences remained on the exact funding for perennial big-ticket items such as schools and Medicaid.

Negotiators were also working on border security — a top priority for Abbott and legislative leaders — to reconcile the \$811 million Senate plan and the \$551 House package.

It takes two

To the frustration of lobbyists and advocacy groups with a stake in the outcome, the negotiations have been out of view, with conferees from one chamber paired with their across-the-rotunda counterparts to discuss certain aspects of the budget.

The teams of two, appointed by the chairs to find accord on specific budget articles, typically meet on short notice at unannounced locations across the Capitol complex, often settling on whatever sites are available.

“You need a bloodhound to find conferees and their meeting sites,” Austin lobbyist Bill Miller said. “From an outsider’s view, it’s hard to follow some time. But for them, they’re doing what works best for them. And that’s their call and they’re in charge.”

Rep. Sarah Davis, R-West University Place, has been meeting with Rep. Charles Schwertner, R-Georgetown, on Article II — the health and human services part of the budget that’s fraught with troublesome items such as health funding and Medicaid growth.

Davis, who like Schwertner is a first-timer on the budget conference, describes the article as “a biggie” watched by physicians, hospitals and healthcare advocates statewide.

A major issue centers on hospitals’ efforts to reverse a decline in reimbursements for caring for Medicaid patients.

“Everybody in the industry is watching it,” said J.R. Labbe, vice president of communications and community affairs at JPS Health Network in Fort Worth. “We are watching anything that relates to healthcare.”

Davis said she and Schwertner, a doctor who chairs the Senate Health and Human Services Committee, often spend “a couple of hours a day” exploring the rationale for the other chamber’s decision and trying “to find some common ground.”

Sen. Joan Huffman, R-Houston, said she and her House counterpart, Rep. Sylvester Turner, D-Houston, began their work on the state government article by going through the budget line by line. She said they have reached agreement on several items, including one in which the difference between the House and Senate proposals was only \$1.

Issues that elude agreement are described, in confereespeak, as “pended” and given over to further discussions with the committee chairs. One issue left unresolved late last week was a proposed pay raise for correctional officers, with the House proposing 10 percent and the Senate calling for 5 percent spread over both years of the biennium.

‘Stressful process’

Hinojosa, who was in the House for 14 years before becoming a senator in 2003, has been involved in more than 10 budget conferences and is vice chairman of the Senate Finance Committee.

The deliberations, he said, are often a “long, tiring, stressful process,” sometimes with four or five meetings daily, often stretching into the evening. Hinojosa said the budgeters must always make sure that their decisions don’t threaten the state spending cap.

While the conferees may sometimes be hard to find, scores of stakeholders, from education advocates and business groups to ordinary citizens, often wage an aggressive effort to sway their decisions. They may use phone calls or letter-writing campaigns, or they might try to snare legislators somewhere in the Capitol. And, with a final budget decision possibly days away, most realize that this could be their last chance to make their positions known.

“At this point, advocates can’t take anything for granted,” said Dale Craymer, a former budget director in the governor’s office who is president of the Texas Taxpayers and Research Association.

Last week, about 10 disabled Texans waited outside the Senate and tried to get the attention of conferees. Their goal was to increase the salaries of personal attendants who provide community-based home care.

Cathy Cranston, a spokeswoman for the group, said the current base pay of \$7.86 an hour is lower than that of fast-food workers. Her organization, the Personal Attendant Coalition of Texas, is seeking a raise to \$10 an hour.

The Texas State Employees Union has urged thousands to write letters and call representatives to persuade the conferees to grant state workers their first across-the-board pay raise since 2008. Representatives from community colleges have taken turns traveling to Austin in recent weeks to press for an additional \$130 million in funding.

Fort Worth officials also have an intense interest in the deliberations as they call for up to \$150 million in grants to help cities with military installations improve the facilities to give them a leg up in the event of another national round of base closings.

Nelson said: "You have ... hundreds and hundreds of parties interested in either retaining something that's in the budget already or adding something that isn't in the budget. And you have entities who are fighting adding something to the budget."

With adjournment looming closer, Nelson likened the pressure on conferees to "a room of income tax preparers 10 minutes before midnight on April 15."

The next major step will be when the full committee meets in public to vote on the articles, with at least three votes required from each of the five-member panels from the two chambers.

The conference committee also has to factor in logistics, Nelson said, recognizing that it takes "days, not hours," for the budget staff to document the decisions and put the spending plan in final form to be presented to the House and Senate.

"We've only got two weeks left," she said. But she expressed confidence that conferees, by the end of this week, will have "everything pretty much wrapped up and off to the printers."

BUDGET BATTLE AT A GLANCE

The 10 members of the conference committee — five each from the House and Senate — hope to resolve their differences this week to produce a budget around \$210 billion to fund state services for the 2016-17 fiscal biennium, which starts Sept. 1.

What's next: The compromise budget goes back to the House and Senate for majority-vote approval by both chambers before the June 1 adjournment. If either chamber makes a change, the budget will be returned to the conference committee to work out the differences.

Chief task: Resolving \$1.6 billion in spending differences between the budgets passed by the two chambers. The Senate budget called for \$211.4 billion over the next two years, a 4.6 percent increase over spending in the 2014-15 biennium. And the House budget called for \$209.8 billion, a 3.8 percent increase.

Who's in charge? Senate Finance Chairman Jane Nelson, R-Flower Mound, leads the Senate conferees. For the House, it's John Otto, R-Dayton, chairman of the House Appropriations Committee.

Other members from the House: Reps. Sylvester Turner, D-Houston, vice chairman; Trent Ashby, R-Lufkin; Sarah Davis, R-West University Place; and Larry Gonzales, R-Round Rock.

From the Senate: Sens. Juan "Chuy" Hinojosa, D-McAllen, vice chairman; Joan Huffman, R-Houston; Lois Kolkhorst, R-Brenham; and Charles Schwertner, R-Georgetown.

Party breakdown: Eight Republicans and two Democrats.

Did you know? The budget is the only piece of legislation that lawmakers absolutely have to pass.

What's at stake? The most contentious issue was nearing resolution with an emerging compromise on a tax relief package totaling \$3 billion. Members said late last week that they had reached agreement on most of the issues but were grappling with varying degrees of differences on big-ticket items such as public school funding, border security, funding of the employee retirement system, reimbursement for hospital care to Medicaid patients, pay raises for corrections officers and transportation funding.

— Dave Montgomery, special to the Star-Telegram

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