



## ⦿ Perry favors sitting on \$7 billion of rainy day money



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Published: 17 April 2013 10:11 PM

AUSTIN — State leaders' jockeying over rainy day money intensified Wednesday as Gov. Rick Perry said lawmakers should sit on about \$7 billion of savings.

Perry also criticized a Senate panel's plan to use \$6 billion from the rainy day fund for infrastructure.

"That's a little too much," he told reporters after he met with the House Republican Caucus behind closed doors.

If lawmakers don't spend any of it, the rainy day fund will swell to nearly \$12 billion by August 2015, according to Comptroller Susan Combs.

Created in the late 1980s to insulate state programs from swings in the business cycle, the fund has become for Republicans almost sacrosanct.

They refuse to tap it deeply, saying a big balance helps burnish the state's enviable bond ratings. That infuriates Democrats and school groups, who want to undo some of last session's \$5.3 billion in cuts to public schools.

Perry has said rainy day dollars shouldn't be used for "recurring expenses," although early in his tenure the money routinely was used for items such as retired teachers' health care, an overhaul of Child Protective Services and his deal-closing funds.

Two years ago, the Republican governor haggled with House leaders, questioning their plan to use \$4.3 billion from the fund to meet a budget shortfall. Eventually, lawmakers reduced their draw by about \$1 billion, and Perry trumpeted fiscal restraint as he ran unsuccessfully for president.

This session, using the fund could prove almost as dicey. Tea party-backed House GOP freshmen have opposed any spending from it. They point to possible hits to the state budget from federal cuts known as the sequester and from a school finance lawsuit.

Business groups, though, have endorsed using \$2 billion of rainy day money to create a revolving loan fund for water projects.

Lt. Gov. David Dewhurst and Speaker Joe Straus, R-San Antonio, strongly support the move. However, Dewhurst wants voters to approve it in a constitutional amendment. Straus wants to avoid making voter approval the norm for using rainy day money.

Chief Senate budget writer Tommy Williams, R-The Woodlands, has advanced to the Senate floor a bill to draw \$2.5 billion for water and \$3.5 billion for transportation projects.

Dewhurst told The Associated Press on Monday that he's not sure he supports using rainy day money for transportation.

On Wednesday, Perry said he does, though not to the extent Williams has proposed. Perry also wants to use some rainy day dollars for business tax cuts he proposed Monday.

A two-thirds vote by each chamber is required to spend money from the fund in the next two-year cycle.

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