Gov. Perry Addresses the Greater Houston Partnership

*Texas is the best-prepared state to handle storms*

*Note - Gov. Perry frequently departs from prepared remarks.*

**Wednesday, October 15, 2008**

Thank you, Dan [Wolterman, Board Chair, GHP] for that kind introduction and thank you for your leadership of this impressive organization.

I believe that the members of the Greater Houston Partnership have played a significant role in the laundry list of accolades that this area has received just this year. You've made all of Texas look good by being named Best City to Live, Work, and Play by Kiplinger’s, and Best City for Your Job by BusinessWeek.

Forbes Magazine has called you Best U.S. City to Earn a Living, Best City to Buy a Home, and Best City for Recent College Grads. If I didn't know better, I’d think that Forbes has a crush on Houston.

The accumulation of evidence supports what those publications have been saying: Houston is in good shape, and so is Texas.

Of course, some things in the world around us have changed since many of those various awards were announced, change that came in the form of two storms. The first was Hurricane Ike, a weather system that hammered the coastal area and hit Houston especially hard.

For the better part of a month, the eyes of the world have been trained on this part of Texas as we have responded to the thrashing that Ike handed out.

When the sun came up on the morning of September 13, there were more than 2.8 million people without power, and thousands of people in dire need of rescue. Fortunately, we
had pre-positioned the largest search and rescue force in Texas history and were ready to rescue people from a variety of life-threatening situations.

Our private sector partners were also ready and rolled right into action. Power companies like Entergy and CenterPoint, supplemented by crews from all over the country, worked ‘round-the-clock to restore power. Our fuel team not only bumped up supplies before landfall, but they kept the gasoline flowing afterwards as well.

Retailers like WalMart and HEB moved ice, food and water into the area, and worked tirelessly to get stores back online and conditions moving back toward normal.

There has been story after story of Texans going the extra mile to help their neighbors…but that’s how Texans handle crises. Inspirational stories aside, the truth is that there will be a significant financial impact to Texas from Hurricane Ike.

We won't know the total price tag for some time, but I expect it will exceed the $11.2 billion that we requested from Congress. When you consider the resources that were marshaled to deal with the storm, the cost of countless lost business days, lost lives, destroyed homes and shattered businesses, the price tag will be a hefty one. To that end, we have kept steady pressure on FEMA to ensure we get reimbursements on par with those Louisiana received after Katrina.

Regardless of how much federal aid we receive, how insurers fulfill claims, and the depth of resources that families and businesses can draw upon to rebuild, Ike’s financial impact will be with us for a while.

If that weren't enough, a storm of a different kind unleashed its fury on the world's financial markets just after Ike roared ashore. After years of irresponsible borrowing and lending, our nation's credit markets essentially imploded, and the American people were left holding the bag.

Now this isn't necessarily the forum for me to share my displeasure with Congress, for giving our money to mismanaged companies, failing institutions that deserve to feel the consequences of their rash behavior. However, I would not describe a $700 billion corporate bailout as the free markets at work.

I will simply say that the impact of this financial storm has left credit very tight for businesses that hope to expand, families wanting to buy a new home or car, or local governments recovering from Ike.

As a result, Texas businesses and families are tightening their belts, cutting spending, exercising greater discipline, taking a closer look at the difference between a want and a need.

In times like this, state government should be no different. That is why I have asked the heads of executive branch state agencies to take a close look at their budgets and figure out what discretionary spending they can cut.

In a letter this week, I directed them to start by curtailing taxpayer-funded travel, and asked them to report back on additional cost containment measures that will take the remainder of this fiscal year. I will leave it up to agencies’ executive directors and board chairs to determine whether those steps would include efforts like tighter spending on consumables, or even a slower pace on new hires.

Here’s the bottom line: given the current economic downturn and the expectation that it will ultimately impact Texas, all state agencies need to dial back spending, and they have ten days to let me know how they’re going to do it.

I am also starting conversations with employers and business groups across the state. I want to learn firsthand what they’re seeing at their cash registers, in their accounting departments, on their sales floors, so we can stay ahead of this situation.
Do I think this is time to panic? Absolutely not. However, as good stewards of the resources entrusted to us by Texas taxpayers, we are obligated to not only monitor the outside forces affecting our economy, but deal with them proactively.

We have been proactive throughout the years, making tough choices that have helped our state attain the overall strength we enjoy today. We heard a chorus of complaints in 2003 when we tackled a $10 billion deficit by cutting taxes and reducing spending.

We made a lot of lawyers unhappy when we reformed a legal system that was driving people out of business and doctors out of the state. We pushed back on a variety of interests as we have advocated for a regulatory environment that is predictable and reasonable.

The beating we took in the press was worth it. Our economy is better equipped than any other state to handle the two storms that have roiled the financial seas around us.

Texas still leads the nation in job production, exports, and Fortune 500 headquarters.

On the financial side, Texas has the lowest loan default rate of any large-population state, and an unemployment rate that was well below the national average in the most recent unemployment reports.

Earlier this week, the Financial Times published a study titled “which states are suffering most” and concluded that Texas is suffering least. They ranked us number one overall, based on our national lead in categories like the growth rate of annual income, employment (where we’re tied with Wyoming), and gross state product.

I am still bullish on Texas because our foundation is strong and our future is bright. I am convinced that the strength of our workforce, the health of our business climate, and the freeing effect of our low taxes will carry us through this tough time.

In the upcoming legislative session, I want to continue leading the charge for further improvements in our state’s financial position and personal safety.

On the money side, we need to continue our conservative fiscal approaches by limiting the growth of government. It will be a while before the Comptroller is able to tell us the specific impact of the two storms we’re dealing with. However, we need to apply the mindset that has made us the model for the rest of the nation: plan for the worst, pray for the best.

That’s why I believe that we should ensure budgets do not grow faster than our population and inflation. That number gives us a pretty strong indicator of where the line lies between a want and a need.

I also believe that we should push for greater truth in budgeting; so that we can spend tax dollars only for the purpose they were collected. For example, I believe the Department of Public Safety should be funded out of general revenue, not gas taxes. That would free up $600 million per year for construction and maintenance of our state’s transportation infrastructure.

I also believe we can and should insist on even greater transparency on government spending, at the state and local level. The checkbook registers for my office and a number of other state entities including the Railroad Commission and the Department of Public Safety have been online for a while now, thanks to the efforts of Susan Combs and her folks at the Comptroller’s Office.

When people can see where their dollars go, they are much more likely to involve themselves with government…and that’s a good thing.
When it comes to the safety of our citizens, I will also press for a continued investment in the security of our borders. In 2007, the Legislature agreed when they allocated $110 million for border security. Their bold investment allowed us to put more boots on the ground and led to a 65% drop in border county crime between ports of entry.

We have made our communities safer, at the border and across the state, by choking off transit routes for those criminals trafficking in drugs, human lives and other contraband. As we have clamped down on the border, Mexican drug cartels have enlisted the aid of several transnational gangs and invested in their growth across the state.

In this next session, I hope the Legislature will continue our state’s commitment to securing the border, and ramp up our efforts to combat gangs across Texas.

These are just two of my priorities heading into the session, but I think they are crucial pillars of an approach that will continue to strengthen a state that is the envy of the nation.

As long as people like you continue to work hard, exercise financial discipline and keep an eye on the future, while expecting the same of those who represent you, Texas will continue to lead in the categories that matter well into the future.

Thank you all for what you do for Houston and for Texas.

May God bless you and, through you, may He continue to bless the great state of Texas.