

# Pants on fire? Find out

## News' Texas Heat Index checks the truthfulness of claims by candidates, groups in 2010 statewide races

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AUSTIN — The Republican race for governor is already growing fierce — just look at the campaign rhetoric.

With more than six months until their March primary battle, Gov. Rick Perry and his challenger, U.S. Sen. Kay Bailey Hutchison, are hammering out their images and their battle cries, plastering press releases, fundraising letters and social networking sites with their best credentials and sharpest criticism.

But as the contenders grapple for a foothold with Texas' GOP voters, these messages aren't always complete. Few contain direct lies, but many rarely give the full story about issues, opponents' stances and the circumstances surrounding the facts.

Hutchison plans to kick off her campaign with a statewide tour this week. But already, she and Perry — and other candidates up and down the ballot — are working to establish their identities before the voters and set the terms of the debate.

With that in mind, *The Dallas Morning News* begins a new fact-checking feature, the Texas Heat Index.

Here's a look at several of the Perry and Hutchison campaigns' most persistent messages and where they fall on the scale. Throughout the campaign, we'll tell you how hot the claims by candidates are.

### Perry campaign

**The claim:** Perry "refused to raise taxes when Texas faced a record \$10 billion budget shortfall in 2003," his campaign Web site says. "Instead, he became the first governor since World War II to sign a budget that lowered state spending."

**The facts:** To combat the budget shortfall, Perry and the new Republican majority in the Legislature raised several state fees. Among the increases were vehicle registration costs, tens of millions of dollars in surcharges on traffic violation fines, and professional fees for lawyers, nurses and tow truck operators.

In the years since the budget cuts, lawmakers have acknowledged they went too far, reinstating funding for teacher benefits, textbooks and health insurance for children.

**Bottom line:** It's true, but it's not the full story.

**The claim:** Perry rejected \$555 million in federal money for unemployment benefits because the expansion

"would have mandated the state of Texas to pay costlier benefits and put higher taxes on Texas employers indefinitely," Perry wrote in an *Austin American-Statesman* column. "Even if we had accepted these stimulus funds, Texas would have still seen higher unemployment taxes, bond financing and federal borrowing" to maintain benefits.

**The facts:** Perry's right when he says that employer taxes for unemployment insurance would have risen no matter what. But they're going to go up quite a bit more over the next couple of years than they would have if he'd accepted the stimulus money.

His assertion that the higher taxes would have been indefinite may not have been accurate. The U.S. Department of Labor told a Louisiana senator that her state could expand unemployment benefits to qualify for stimulus money and then repeal the expansion later without a penalty. Perry argued that it's hard to get lawmakers to repeal a benefit once they've created it, and that's historically true. But it doesn't appear Texas would have been prevented by the federal government from doing so.

Though Perry refused the \$555 million in stimulus dollars, by the end of December, Texas will have had to borrow \$1.5 billion interest-free from the federal government to make unemployment payments.

**Bottom line:** Perry's decision cost some workers and businesses in the short term; whether it saved money in the long term depends on whether the Legislature would have canceled the new benefits.

**The claim:** "Texans are safer because ... Perry ordered an aggressive border security initiative that is putting more boots on the ground, more helicopters in the sky, and more resources into the hands of border law officers who are on the front lines of America's homeland security efforts," the governor's Web site says.

**The facts:** Texas has spent more than \$200 million in recent years to help local authorities combat violent crime and drug smuggling on the border. Perry secured funding to hire nearly 200 new full-time officers and to purchase four high-tech helicopters.

While authorities are stopping and searching thousands of vehicles in routine traffic stops, they're making relatively few drug seizures and arrests. Thirteen new surveillance cameras set up on the border at a cost of \$2 million netted three arrests in their first six months of operation. In Cameron

County, where the sheriff's office received a grant of nearly \$400,000, authorities reported one crime, an aggravated assault, over 90 days.

**Bottom line:** The state has taken action, but it's debatable whether Texans are much safer.

**The claim:** "Perry has led the fight for better schools, signing into law a \$2,000 pay raise for teachers and the country's largest performance pay program," the governor's Web site says. "He ordered schools to spend 65 percent of tax dollars directly in the classroom — not on bureaucracy ... Today student test scores are rising, and a record number of children are going to college."

**The facts:** Perry did approve the pay raise and performance pay programs, but Texas still spends less per student on education than 40 other states. The National Center For Educational Statistics ranks Texas 41st in the percentage of high school graduates who go on to college.

And while Perry did issue an executive order in 2005 to force schools to spend 65 percent of tax dollars in the classroom, within months the state education commissioner devised a plan to make the mandate easier for districts to meet. Lawmakers repealed the measure this year; Perry did not sup-

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### About the heat index

The Texas Heat Index is a check of whether candidates, campaigns and interest groups are telling the truth. Claims are rated on the following scale:

#### THE PEPPER SCALE

 NO HEAT

True or mostly true.

 MILD

Stretches the truth a bit.

 MEDIUM

Serious distortion of the facts.

 HOT

Totally false.






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cont - from "Pants..."

port the repeal, but he did not stand in the Legislature's way.

The claim that student test scores are rising is questionable — experts say scores always rise as kids get more accustomed to the tests. And the number of children going to college always grows as the population grows. Population in Texas public schools grew by 11 percent between 1999 and 2005.





   **Bottom line:** Perry's moves didn't do much to change Texas schools.

## Hutchison campaign

**The claim:** "Texas has the highest high school dropout rate in the country," Hutchison writes in a campaign fundraising letter.

**The facts:** According to the U.S. Department of Education's National Center for Education Statistics, Texas has the 16th-highest high school dropout rate. The high school dropout rate has fallen from 4.3 percent in the 2005-06 school year to 3.2 percent in the 2007-08 school year.

The Hutchison campaign said they were relying on U.S. census figures on the percentage of adults 25 and older without high school diplomas, but that's not a direct measure of dropout rates. And in that census ranking, Texas has the second-worst rate — after Mississippi.

    **Bottom line:** The state has a significant dropout problem, but not the highest rate.

**The claim:** "Perry raised business taxes, giving Texas the highest gross receipts tax rate in the country," a campaign news release says.

**The facts:** Tax experts say that Texas doesn't have a true "gross receipts tax," and they argue that it's disingenu-




ous to compare it to the small handful of other states that do.

Texas uses a "margins tax," which taxes businesses on gross receipts, but only after they've deducted certain costs first. The experts say if Texas appears to have a higher-than-average business tax rate, it's because these cost deductions reduce the tax base.

State-by-state comparisons are apples to oranges because not all states have an income tax or sales tax. And Washington state's gross receipts tax rate is 1.5 percent — higher than Texas.

Perry did lead the charge in 2006 to expand the state franchise tax — an effort to raise revenue from big companies that had found a loophole to avoid paying. As a result, many small businesses saw their taxes increase by thousands of dollars.

But this year, Perry signed legislation that permanently exempted businesses with gross receipts under \$600,000 — and gave those with revenue under \$1 million a break for the next two years. The cut gave a tax break to nearly 40,000 additional small businesses.



   **Bottom line:** The mixing of facts makes for a false claim.

**The claim:** "Texans deserve a straight yes or no from Rick Perry on whether he still supports his controversial Trans-Texas Corridor plan to confiscate nearly 600,000 acres of land," a Hutchison campaign news release says.

**The facts:** Perry hasn't said specifically whether he still supports the Trans-Texas Corridor plan. Though he bowed to the political reality that it couldn't be done, he hasn't publicly retreated from the position that it was a good idea.

But the 600,000-acre figure is mis-

leading at best. While the original Trans-Texas Corridor maps included wide swaths of territory, they were only conceptual and were later scaled back to 1,200-foot-wide right-of-ways. Last year, the state Department of Transportation even dropped that width, saying the agency would build what it could within the existing right-of-way. Perry has long since acknowledged that the Trans-Texas Corridor as originally envisioned is dead.


  **Bottom line:** Voters can judge whether Perry's original concept was flawed, but it was just that — a concept.

**The claim:** "Our state unemployment rate is already higher than any of our neighboring states — Oklahoma, Louisiana, New Mexico and Arkansas," Hutchison's campaign Web site says. "So much for Texas being better off than anywhere else."

**The facts:** At 7.5 percent, Texas' unemployment rate is slightly higher than the rates in Oklahoma, Louisiana, New Mexico and Arkansas. But it's still better than 33 other states.

Meanwhile, Texas is still leading the nation in several economic performance indicators. Texas accounted for nearly 60 percent of the new jobs created in the U.S. in 2008, according to data from the U.S. Bureau of Labor Statistics. The state created more jobs in 2008 than all other states combined. And Texas continues to lead the nation in exports.

That said, 2009 may paint a different picture. The state is losing jobs at the same rate as the rest of the country — nearly 273,000 so far this year.

 **Bottom line:** The facts are correct, if selective.

*Staff writers Brendan Case and Michael A. Lindenberger contributed to this report.*