

# Opinion: California should be more like Texas

By Chuck DeVore

One in five Americans calls California or Texas home. The two most populous states have a lot in common: a long coast, a sunny climate, a diverse population, plenty of oil in the ground, and Mexico to the south. Where they diverge is in their governance.

For six years ending in 2010, I represented almost 500,000 people in California's Legislature. I was vice chairman of the Assembly Committee on Revenue and Taxation and served on the Budget Committee. I was even a lieutenant colonel in the state's National Guard. Before serving in Sacramento, I worked as an executive in California's aerospace industry.

I moved to Texas late last year, joining the 2 million Californians who have packed up for greener pastures in the past ten years, with Texas the most common destination.

In his State-of-the-State address this January, California Gov. Jerry Brown said, "Contrary to those declinists who sing of Texas and bemoan our woes, California is still the land of dreams. ... It's the place where Apple ... and countless other creative companies all began."

Fast forward to March: Apple announced it was building a \$304 million campus in Austin with plans to hire 3,600 people to staff it, more than doubling its Texas workforce.

California may be dreaming, but Texas is working.

California's elected officials are particularly adept at dreaming up ways to spend other people's money. While the state struggles with interminable deficits caused by years of

reckless spending, the argument in Sacramento isn't over how to reduce government; rather, it's over how much to raise taxes and on whom. Brown is pushing for a tax increase of \$6.9 billion per year, to appear on November's ballot. California's powerful government-employee unions and Molly Munger, a wealthy civil-rights attorney (wealthy by dint of being the daughter of Warren Buffett's business partner) are offering two competing tax-hike plans. The silver lining may be that having three tax hikes on the ballot will turn voters off all of them.

Meanwhile, lawmakers in Texas are grappling with a fiscal question of an entirely different sort: whether or not to spend some of the \$6 billion set aside in the state's rainy-day fund.

California's government-employee unions routinely spend tens of millions of dollars at election time to maintain their hold on power. In Texas, the government unions are weak and don't have collective bargaining, leaving trial attorneys as the main source of funding for Lone Star Democrats.

California's habit of raising taxes to fund a burgeoning regulatory state isn't without impact on its economy. Californians fork over about 10.6 percent of their income to state and local governments, above the U.S. average of 9.8 percent. Texans pay 7.9 percent. This affects the bottom line of both consumers and businesses.

With that money, Californians pay for more government. The number of non-education bureaucrats in California is close to the national average, at 252 per 10,000 people. Texas gets by with a bureaucracy 22 percent smaller: 196 per 10,000.

Of course, having more government employees means making more government rules. According to a 2009 study commissioned by the California legislature, state regulations cost almost \$500 billion per year, or five times the state's general-fund

budget. These regulations ding the average small business for some \$134,122 a year in compliance and opportunity costs.

While California has more bureaucrats, Texas has 17 percent more teachers, with 295 education employees per 10,000 people, compared to California's 252.

The two states' educational outcomes reflect this disparity. If we compare national test scores in math, science, and reading for the fourth and eighth grades among four basic ethnic and racial categories – all students, whites, Hispanics, and African-Americans – Texas beats California in every category, and by a substantial margin. In fact, Texas schools perform consistently above the national average across categories of age, race, and subject matter, while California schools perform well below the national average.

Apologists for the Golden State frequently point to Texas's flourishing oil and gas industry as the reason for its success. Texas does lead the nation in proven oil reserves, but California ranks third. The real difference isn't in geology but in public policy: Californians have decided to make it difficult to extract the oil under their feet.

Further, contrary to popular opinion, California's refineries routinely produce a greater value of product than do refineries in Texas, mainly because the special gasoline blends that California requires are more costly.

Another advantage that Texas enjoys over California is in its civil-justice system. In 2002, the U.S. Chamber of Commerce ranked Texas's legal system 46th in the nation, just behind California's, which was 45th. Texas went to work improving its lawsuit environment, enacting major medical-malpractice reforms in 2003. Texas's ranking consequently jumped 10 places in eight years, while California's dropped to 46th. In the last legislative session, Texas lawmakers passed a landmark loser-pays provision, which promises to further curtail

frivolous lawsuits.

While California seeks more ways to tax success, it excels at subsidizing poverty. The percentage of households receiving public assistance in California was 3.7 percent in 2009, double Texas's rate of 1.8 percent. Almost one-third of all Americans on welfare reside in California.

With this in mind, it makes perfect sense that only 18 percent of the Democrats who control both houses of California's full-time legislature worked in business or medicine before being elected. The remainder drew paychecks from government, worked as community organizers, or were attorneys.

In Texas, with its part-time legislature, 75 percent of the Republicans who control both houses earn a living in business, farming, or medicine, with 19 percent being attorneys in private practice. Texas Democrats are more than twice as likely as their California counterparts to claim private-sector experience outside the field of law.

That Texas's Legislature is run by makers and California's by takers is glaringly obvious from the two states' respective balance sheets.

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