



Being Republican isn't the same as being fiscally conservative

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We Southerners are accustomed to seeing our states rank highly on measures of fiscal conservatism. But not one state in the Southeast earned an “A” grade on a new report card for governors.

Instead, the highest-ranking executives on the Cato Institute’s 2022 Fiscal Policy Report Card on America’s Governors hailed from Iowa, New Hampshire, Nebraska, Idaho and Arizona — a geographical scattershot comprising states that have done much more than hold the line on taxes and spending.

Fear not, fans of Georgia Gov. Brian Kemp: Our state’s first-term governor notched a solid B grade that placed him 12th among his peers. The Cato study’s authors were tough graders, handing out A’s or B’s to only 15 governors out of 46 evaluated. (The governors of New York, Rhode Island and Virginia were excluded due to their limited time in office, and the governor of Alaska “because of peculiarities in that state’s budget.”)

“The results are data driven,” the authors explained. “They account for tax and spending actions that affect short-term budgets in the states. But they do not account for longer-term or structural changes that governors may make, such as reforms to state pension plans. Thus, the results provide one measure of how fiscally conservative each governor is, but they do not reflect all the fiscal actions that governors take.”

Cato, based in Washington, D.C., is a fiercely libertarian outfit. By its high standards, no governor merited a grade of even 80 on a 100-point scale — the traditional threshold for B’s in educational settings.

The authors obviously graded on something of a curve. Only the five governors who earned two-thirds of the possible points got A’s, while the eight who earned one-third or less got F’s. Pity the taxpayers in Minnesota, Pennsylvania, Illinois, Michigan, New Jersey, Oregon, California and Washington.

Perhaps the most surprising result was how lowly some prominent governors ranked. Ron DeSantis, frequently mentioned as a 2024 presidential contender, scored only 52, good for a C. He barely beat out Texas Gov. Greg Abbott, whose score of 47 also earned a grade of C. Bill Lee

of Tennessee, a third state with no personal income tax, fared even worse with a 35, one point away from a failing grade.

Like I said: tough grading.

All five governors earning A's were Republicans, and all eight getting F's were Democrats. But between the extremes there was a decent amount of partisan variation.

The highest B grade went to Democrat Roy Cooper of North Carolina, and New Mexico's Michelle Lujan Grisham also got a B. Meanwhile, four of the seven D's went to Republicans; in our neighborhood, that included not only Tennessee's Lee but Alabama's Kay Ivey. The 16 who got C's, representing the middle third of the group, included nine Republicans and seven Democrats.

The lesson: Party affiliation doesn't necessarily render someone fiscally conservative.

For his part, Kemp impressed the authors by keeping general fund spending growth to 4.3% per year between 2019 and 2022, which was less than the average increase among all states, and to 1.1% in the current budget year. Cato also lauded this year's tax-reform bill, which flattens our personal income tax to a single rate that is dropping to 5.49% and, eventually, 4.99%.

Kemp's spending score was tied for 11th, and his tax rate score came in 14th. That balance served him well in the rankings. DeSantis and Abbott both fared as well or better than Kemp on the spending score, only to fall short on their tax rate score. (It is fair to ask whether zero income-tax states are at a disadvantage, since the rankings put an emphasis on policy changes and you can't go below zero.)

Revenues continue to surge in Georgia, but that doesn't mean the proverbial belt ought to be loosened. Maintaining discipline on taxes and spending will prevent painful adjustments should the trendline change in the future.