



cnsnews.com
THE RIGHT NEWS. RIGHT NOW.™

Governors' Report Card: No Republicans Got an 'F,' No Democrats Got an 'A'

October 8, 2014

By Ali Meyer

(CNSNews.com) - A report card that grades the nation's governors on state fiscal policy gives no Republicans an “F” grade and no Democrats an “A” grade, according to the libertarian Cato Institute.

Using a limited-government perspective, Cato's [Fiscal Policy Report Card on America's Governors](#) graded governors on fiscal policies based on seven tax and spending variables.

“Governors receiving an 'A' are those who cut taxes and spending the most, while governors receiving an 'F' raised taxes and spending the most,” the report says.

Cato found that Republican governors are more fiscally conservative, on average, than Democratic governors: “No Republicans received an 'F' on this report card, and unfortunately no Democrats received an 'A.'”

The data used to calculate the scores came from the National Association of State Budget Officers, the National Conference of State Legislatures, the Tax Foundation, the budget agencies of the states, and news articles in State Tax Notes and other sources. The grades cover policies in place from January 2012 to August 2014.

According to the report, the four governors who had the highest scores and received “A” grades implemented the largest tax and spending cuts. North Carolina, Kansas, Maine and Indiana had the highest governor's scores and all reduced taxes in their respective states.

According to Cato, cutting tax rates helps spur growth by making job creation and investment more attractive. “To help spur growth, some governors are pursuing reforms to make their states more attractive for job creation and investment. A good way to do that is to cut individual and business tax rates to make them more competitive with rates in other jurisdictions,” the report said.

Conversely, the lowest score went to the governor of California, Democrat Jerry Brown, for implementing high tax and spending increases. “Governor Brown scores as the worst governor in America on this year's report card. He has pushed for numerous large tax increases. In 2012 he championed a plan to increase annual tax revenues by \$6 billion a year,” Cato states. “He has

proposed spending increases averaging 6.8 percent annually over the last three years, which is more than twice the national average of 3.1 percent over that period."

Some of the policies that hurt governors' scores were the expansion of Medicaid under Obamacare and growing pension and retirement benefits.

"The Congressional Budget Office (CBO) estimates that Medicaid expansion under the ACA will cost the federal government \$792 billion and state governments \$46 billion over the next 10 years," Cato noted. "The expansion of Medicaid under the ACA is bad policy for numerous reasons, and many governors are refusing to go along. Currently at least 21 states have decided not to go along with the expansion. Those states may lose 'free' federal money in the short run, but leaders in those states may be saving their states from huge fiscal burdens later on."

Another policy that adversely impacted governors' grades was increasing retirement costs. "Total wages and benefits for states and local workers were \$1.3 trillion in 2013, which accounted for 53 percent of all state and local spending," says Cato. "That is a huge cost that could rise substantially in coming years, particularly in those states that have large funding gaps in their retirement plans. Governments have promised their workers generous pension and retirement health benefits, but most states have not put enough money aside to fund them."

Cato concluded that policymakers in many states "have created a fiscal mess that will put large pressures on budgets in coming years."

It notes that its report card "focuses only on short-term taxing and spending, but readers should also consider how the policies of each governor will affect state fiscal health over the long run."