

Margaret Spellings:

Good morning. It's Margaret Spellings, I'm the CEO and President of Texas 2036. And today my guest on Straight Talk Texas is a former Senator Kirk Watson from Austin, now Dean at the University of Houston Hobby School of Public Policy. I think I got the title exactly right. And it's a thrill and a treat to be with somebody who has been a friend for a long time and has given so much to our state in so many different ways. And so Kirk, welcome.

Kirk Watson:

Thank you. This is fun. Thanks for what you're doing too by the way, I'm very excited about Texas 2036.

Margaret Spellings:

Well thank you very much. And we have a lot in common and I know we're going to be working together over the years. Listen, you have served at the state level, at the city level. Now you're in a higher ed institution. You really have devoted your entire life to public service and we're grateful for that. You've made a lot of difference. And one of the things that I think people observe about you is you're somebody and uniquely representing Travis County where I think people maybe have misjudgments about things there, the People's Republic and all of that. You're somebody that's really worked across the aisle. Talk about that in these politically charged times. How do you do it? And then we'll talk about a good example of that being the recent school finance bill, House Bill 3. So just talk about politics at this time.

Kirk Watson:

Sure. Well, let me just kind of riff on that a little bit and I'll say a couple of things. One is that I always have felt like I lose out as a public policy person or as a political leader or just in day to day life if I let those labels get too strict. In other words, once ... I always say we ought to throw away the labels when you're working on public policy. Now I get labels and labels sometimes are valuable. Right? And there's no question that I proudly carry labels. But what I mean by that is that if you always let the label be all you're looking at, then what happens is you advocate the responsibility to ever hear anybody again.

Kirk Watson:

Because once I get a label, "Oh. Oh, you're a Republican. Well, I know everything I need to know about you." "Oh, you're a Democrat. Well, I don't even need to hear anything you have to say because I already know it." "Oh, you're a tea party." "Oh, you're a rhino." Whatever label you use. You're an environmentalist, a chamber person. And so what I've always felt like is I don't do as well as a public figure if I just shut down once I know what the label is. So because there may be some good idea that's something we agree on. So I kind of come at it with ... when we sit down to talk, I always ask what are the first five things that we can agree on as opposed to what are the first five things we ought to fight about?

Kirk Watson:

Because once we set out the agreements, then things can grow from that. And it's one of the reasons I feel like I've got dear friends that, in this politically charged time as you talk about, are people that don't vote in my primary. So I've always felt like that's the first rule of approach. The other part about that is, is that I think that we don't ... we've lost or we've quit for some reason, trying to listen to each other, create new ways to hear each other. We have these things on city council meetings and county

commissioner court meetings, and even hearings now at the Capitol and other places. But we call them public hearings where there ain't no hearing going on.

Margaret Spellings:

Right. Yeah.

Kirk Watson:

It's fighting and arguing. And so we've created too many adversarial systems so that we talk past each other. And frankly, I think these things with Twitter and Facebook have made that a little bit harder. So as I left the Senate ... when I left the Senate to take on this job at the Hobby School of Public Affairs, I left with really close friends on both sides of the aisle because I didn't want that to interfere. I didn't want politics to interfere with that friendship and I didn't want it to interfere with my ability to do a good job because somebody may have a good idea.

Margaret Spellings:

Exactly. Well House Bill 3, the recently enacted very comprehensive school finance and so much more bill that passed virtually unanimously came in the aftermath of what I think most observers saw as a really difficult period in our politics with the bathroom bill and all of that. And so how did you rescue a bipartisanship or what role did you play in that? How did we come together in such a united way around school finance, which affects every single community, every single person in this state? It's something that people feel very strongly about.

Kirk Watson:

Enormous. And enormous not only substantively, but emotionally.

Margaret Spellings:

Yeah.

Kirk Watson:

And I think it's going to be enormous going forward. So let me say a couple of things about that. First of all, I was very pleased that last session the Lieutenant Governor put me on the public education committee. That was my first time ... I served in the Senate by the time I left I'd served over 13 years, but I'd never been on the education committee. Going into this session we knew it was going to be most likely, probably a public education session. So I was very pleased that I got to be on the education committee and the finance committee under those circumstances. I was also very happy when he appointed me to the conference committee on HB3. So I was in the big middle of it.

Kirk Watson:

Now having said that, let me back up a little bit. The session before the legislature in my view had, for session after session, punted and avoided actually taking on what we should be doing in public education. In the session before HB3, I thought that the House did a pretty good job of looking at public education. Not so much the Senate, the Senate kept putting poison pills in that bill and pitching that dead cat back over to the House and the House would say, "We're not going to pass that. Don't do it again." Well, here it goes back again. So I was disappointed in the way that all played out. And then what happened was the House sent over to the Senate the creation of a public education commission. Well, I kind of stomped around ... I must admit I stomped around and said, "We're supposed to be the

commission. They elected us to do this. Lock the doors, call a special session, and make us do our job." I ended up voting for that commission made up of a lot of experts because there was nothing better to vote for. Right?

Margaret Spellings:

Right.

Kirk Watson:

Well let me just say live and on TV, you're never going to hear me say I was wrong so let's just say I wasn't as right as I would've liked to have been. Because it did great work.

Margaret Spellings:

And it led to a great bill and a process that worked. Exactly.

Kirk Watson:

And when it showed up, there was something very good and substantive to work from.

Margaret Spellings:

Right.

Kirk Watson:

And it's one of those things where go back to what I was saying a minute ago, we need to listen every now and then because we weren't ready session before last. That work that was done, that very good work, made a big difference. And then it also pointed out ways that you could find a bipartisanship ... you could make substantive decisions that weren't based in partisanship. So Margaret, as you know some of the best parts of that bill was the recognition that it does cost more money to educate kids that are living in poverty.

Margaret Spellings:

Right, it does.

Kirk Watson:

And it does cost a lot more to educate those kids that are living in pockets of poverty. So how do we set that up in a way that makes a difference and achieves very real goals? So I was very pleased to get to play a leadership role in that and we ended up with a good bill. Now I will say what I said the day we passed it and the day we ended up leaving [inaudible 00:00:09:08]. I said, "Look, will we have the discipline to keep financing this?"

Margaret Spellings:

Exactly.

Kirk Watson:

That will be the question and now with COVID it becomes an even harder question so.

Margaret Spellings:

Yeah, absolutely.

Kirk Watson:

We can't go back. We've got to find a way to do it right.

Margaret Spellings:

Exactly. And so when we think about, part of our work at Texas 2036 is trying to lay out a road map so people can establish priorities. As you look at House Bill 3, which has early childhood, equity, teacher pay, rewards for closing the achievement gap, an extended year, on and on. What do you think are the most important priorities of that legislation that need to be attended to?

Kirk Watson:

I agree with everything you just said and how you kind of lay it out. And I don't think I want to be ... I don't want us to start trying to pick out, pick it apart at this point.

Margaret Spellings:

That was a test question. I didn't know if you were going to fall for that or not.

Kirk Watson:

Well, it's premature to do that in my view. Instead what I think is go back to the question I said, are we going to have the discipline to do this right? And I think what we do is we don't try to recreate the past and we don't judge our success by the way we've always done it. "Oh, we're broke."

Margaret Spellings:

Yeah, 10% pay cut.

Kirk Watson:

"We're broke so where are we going to start cutting immediately?" This is an opportunity in my view to really look at what we do from a revenue standpoint and say, "We had this perception. We believed we were affluent enough that we really didn't need to think about this or worry about that." But what COVID has done is it's exposed a lot of our weaknesses, including exposed the weaknesses of our very, very, very limited revenue streams. Sales tax is in a shambles, even though as you know it's the biggest revenue stream in the state budget.

Margaret Spellings:

Servant

Kirk Watson:

Yeah, exactly. You've immediately gone to the right second place in terms of for our revenue. So I think it's instead of starting with where do we cut, that's old thinking in my view. The way we do this is we start with, how do we change the way we do things? Let me give you an example. A couple of sessions ago we needed a lot of transportation money, we still need a lot of transportation money. And one of the things that we did is we created an entitlement for roads out of our sales tax revenue.

Margaret Spellings:

Right.

Kirk Watson:

Well I won't go into all the details of that, but I can remember asking the question, what happens if we have a 2011 legislative session where the budget is really tight and we've segmented this out so that it goes just for roads and we can't use it on education for healthcare or something else? Well, we had this perception of affluence and this was going to go on forever and life was going to be great. Well, I'll give you one quick example. We ought to allow for other revenue sources for transportation that we've put off the table. Things like, and I know this is not-

Margaret Spellings:

Toll roads.

Kirk Watson:

Exactly.

Margaret Spellings:

Exactly.

Kirk Watson:

If we allow ... think of all the private equity that is out there that has pent up demand for where it's going to put it. Why not let them take the risk on some of these roads? We can fix our roads and we can free up things like sales tax so that we might not have to make certain cuts in a very, very, very good education.

Margaret Spellings:

So that's a segue into a topic I want to get into with you. Because you've been a mayor, you've been a State Senator, you're now in a higher ed institution. Obviously the state has created these entities called school districts, cities, counties, hospital districts, utility, on and on.

Kirk Watson:

Yeah, yeah, yeah.

Margaret Spellings:

And so how should we be thinking about local control, which we Texans have always been for, in an environment that seems like the state wants to have more and more say over what these entities do? Whether it's build toll roads or have partner benefits or recycling programs or pay for performance for teachers or on and on. Talk about that and your lens on it.

Kirk Watson:

Well, a couple of things. And this may not be an organized thought, but I'll try to. Number one is the old mayor in me, in a city that we did a lot of good and I mean Austin was blowing and going and I always whined that the state didn't give us enough tools to take care of things like growing the economy. The state didn't provide you with tools so my response to all of this was, "If you're not going to provide the tools, then get out of the way. Let us make the decisions. People are flocking to this town and you don't

like some of the decisions, but the election that elected me mayor was just as important as the election and elected me to the State Senate." Right? And so if you're not going to provide tools for positive, then get out of the way and let the local governments operate.

Kirk Watson:

The second thing I would say is that we saw how that could work at the very beginning of the COVID pandemic. If you remember at the very beginning of that, it was very ... state was working very closely with local government and there was a reason for that. The response at the local level to a disease pandemic requires that local activity ... you pay attention to that local activity, including the culture of your community and how your community will respond. So what the state, in my view when the state started saying, "Oh, you can't do that. Oh, you can't do that."

Margaret Spellings:

Homeless.

Kirk Watson:

That's right. What it missed was that what we ought to let the state does is the state can set certain goals, parameters, outcomes.

Margaret Spellings:

Outcomes, yep.

Kirk Watson:

Say that again.

Margaret Spellings:

Outcomes.

Kirk Watson:

Exactly. And then turn it over and say to the local community, "You guys now, there's certain standards." So you can have a state standard, but let the local governments figure out how best to achieve those. And now you're starting to see it a little bit more, right? Because it wasn't working, we're seeing this big spike and now at the state level they're starting to say, "Okay. Okay, local governments. How can we do this? Okay, you can do this," because it ultimately ends up working better.

Margaret Spellings:

Right.

Kirk Watson:

Look, you know this. The state and all the work y'all are doing with the data that you're doing, it really points to it in my view. And that is that in essence we don't really have a state economy.

Margaret Spellings:

Right.

Kirk Watson:

It is the sum of its regional component parts.

Margaret Spellings:

Exactly.

Kirk Watson:

And our regions are different. Let them be different. Let them succeed because by their success then the sum is successful.

Margaret Spellings:

Yep. Amen. Amen. So Kirk I want to ask you about your new gig and obviously you care deeply about public policy and now you've got the mandate of educating a generation of people that are going to come after people like us and get on the battlefield and tackle these things. Talk about what your aspirations are for the Hobby School and the role you're going to play in leading it.

Kirk Watson:

Well, it's very exciting. Otherwise I wouldn't be doing it. I came out of the last session of the legislature. My colleagues had elected me president pro tem. As we just talked about HB3 was my government transparency bills that I've been working on for multiple sessions, they passed. My sexual assault on college campus bills that we even added between what we'd done. And I could go on and on. I came out of the-

Margaret Spellings:

Dell Medical School, Dell Medical School.

Kirk Watson:

Dell Medical School. Yeah, the roll I played in Dell Medical School here and what we are doing with the Austin State Hospital in brain health. So I came out of the last session of the legislature happier than I'd ever been after a legislative session. I kind of felt like I was at the top of my game and I was very happy. So to leave the Texas Senate under those circumstances really required more than just another job, it required a very compelling platform that was exciting to me. In public service, by the way. I mean that is kind of where I am in life.

Kirk Watson:

The idea that I get to be involved in essentially building a world class public policy school, basically from the ground up, in the state's largest city, the country's fourth largest soon to be third largest city, arguably the nation's most diverse city that is the center of the universe if you will on everything from healthcare to energy to immigration. I mean, you name it. So that not only do you work to provide the skills and education for the next great generation of public policy leaders, whether they are in government or private industry or nonprofits or philanthropy. What an exciting opportunity.

Kirk Watson:

Not to mention the fact that the school itself ... a bird just flew into my window, sorry that's why. Scared me. But the other thing to think about with this is this public policy school will plug in to public policy discussions and debate, whether it's by research or symposia or white papers or whatever we need to do. Just this past week, Mayor Turner appointed me to his policing reform task force.

Margaret Spellings:

Terrific.

Kirk Watson:

And so there's roles to play that it's a tremendous opportunity. So I'm very excited. In fact, you see me, I dressed for the occasion.

Margaret Spellings:

I see that. And we Texas 2036 and the Hobby School are really looking forward to a lot of work together. We've had some conversations about that and we will. I'm going to look forward to that with your new hat on and know that we'll have a lot of fun doing good too. So Kirk, thank you for being with us today. Really appreciate it. Happy Fourth of July to you and yours and all the best. Thanks for all your amazing service to Texas over so many years.

Kirk Watson:

You're nice to say that. Thanks for what you're doing. Great to be with you Margaret.

Margaret Spellings:

Appreciate it. Thanks Kirk. Buh-bye.

Kirk Watson:

Bye.