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Budget Battles Still Ahead for Texas Legislature

by [Ben Philpott](#) | 1/30/2012 | [3 Comments](#)



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The state Legislature heads back to work in less than a year, and the state's improving economy won't likely save legislators from the protracted budget battle that awaits them.

The state ended 2011 with about \$1.6 billion more in revenue than was predicted. According to comptroller spokesman R.J. DeSilva, many of the state's economic indicators are pointing in the right direction.

"Sales tax is a major source of our revenue and it's been doing well, increasing for 20-plus months now because of a combination of strong business spending and industries like oil and gas producing

sectors and consumer spending," DeSilva said.

In a couple of months, Lt. Gov. [David Dewhurst](#) will sit down with legislative staff and Senate budget leaders to begin working on the next budget. "It's too early to say for sure, but right now it looks that 2013 will be a somewhat easier session than 2011," Dewhurst said, adding, "I am encouraged by the additional revenue that has been generated by our Texas economy from, collectively, a lot of hard work."

Revenue is expected to grow for the foreseeable future, but slowly, said Eva DeLuna Castro of the [Center for Public Policy Priorities](#), a liberal think tank. She said the situation probably won't be better, but it might not be worse either.

"We might actually just see a rerun," she said.

That could mean a repeat of [the \\$15 billion cut from the current state budget](#) — a budget that will need an emergency appropriation in 2013 just to cover the state's Medicaid bill. One bright spot is that the state could have more than \$8 billion in its [Rainy Day Fund](#). DeLuna Castro said that for that to help, lawmakers must be willing to spend it.

"Just as in the 2011 session, we did have a sizable Rainy Day Fund, but legislators weren't willing to use it all," she said. "So, if that dialogue doesn't change, if they're saying the Rainy Day Fund is once again mostly off limits, that narrows down a lot of options that legislators have."

Many conservatives pushed for saving the Rainy Day Fund in 2011. Gov. [Rick Perry](#) helped lead the charge, as did the [Texas Public Policy Foundation](#), a conservative think tank.

"We're still advocating not using any of the money for ongoing expenditures for the next biennium," said Talmadge Heflin, who directs the policy foundation's Center for Fiscal Policy.



Audio: [Ben Philpott's story for KUT News](#)

Heflin said lawmakers could use Rainy Day funds for that looming Medicaid bill, which could reach \$5 billion. Beyond that, as always, Heflin is pushing for more cuts and no new taxes in the next state budget. He acknowledged that making cuts for two straight sessions wouldn't be easy.

“Every dollar has a constituent, and those constituents start communication with the legislators when there’s talk about cutting them back,” Heflin said. “So yeah, the more you come press it, the more difficult it is.”

The first real evidence of how the next budget is shaping up will come this summer, when state agencies receive letters from Perry about how to proceed with their requests. If it’s good news, he’ll be telling agencies to budget for what they need. If it’s bad, he’ll tell them to figure out how to provide their current services with less money.

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