



CPPP OFFERS BUDGET REALITY CHECK

Two years ago, several groups sent *a letter* to the Texas Legislature urging the Legislature to save the Rainy Day Fund “to address future potential shortfalls as a consequence of the current economic downturn.” Now the same groups have sent *a letter* to the Texas Senate opposing the use of the Rainy Day Fund to address the current \$27 billion shortfall caused in large part by the economic downturn, saying:

In 2009, we were explicit: Rainy Day Fund use should be contemplated if and only if the alternative is higher taxes or essential-program cuts. Fortunately, Texas and its state budget are not at that impasse. The Texas House of Representatives, in particular, has shown that with political imagination and courage, it is possible to craft a budget for the coming biennium that does not raise taxes, does not cut essential programs — and does not demand a penny of the Rainy Day Fund.

These groups have lost touch with reality. As we explained in *Overview of House Budget Proposal (CSHB 1) for 2012-13*, the House budget makes deep cuts to essential programs in public education, higher education, and health and human services. To offer just one big example, the House budget dramatically reduces public education funding, forcing school districts to fire teachers, crowd classrooms, and generally undermine the quality of education. To offer just one small example, even though the state has just been sued in federal court for its unconstitutional treatment of foster children in its care, the House budget completely eliminates funding for adoption assistance needed to help move children from foster care to adoptive homes.

As we explain in *Using the Rainy Day Fund to Ensure Our Recovery and Prosperity*, Texans created the fund by constitutional amendment for the very situation our state is in now—a revenue shortfall created by an economic downturn. In the first 18 of its 22 years, the fund never had a balance of more than \$1 billion. The Legislature has spent the entire fund several times, including two times approved by Governor Perry. The fund automatically replenishes from oil and gas severance taxes. Based upon the Comptroller’s revenue projection, \$9.4 billion is available for appropriation through 2012-13, and knowledgeable experts suggest that because of the high price of oil, the fund could produce \$12 billion by the end of 2012-13.

The agenda of these extremists is not to save the Rainy Day Fund but to permanently reduce state spending in service to their agenda of ever lower taxes. Whether measured per resident or as a percentage of the economy, Texas is already a very low spending state. Beyond doubt, reducing spending to the level of the House budget will leave essential services unfunded. Instead of pretending otherwise, these groups should just say what they really mean—they don’t care.