



CPPP STATEMENT ON SENATE FINANCE COMMITTEE'S PROPOSED STATE BUDGET FOR 2012-13

(AUSTIN, Texas)—Center for Public Policy Priorities Executive Director F. Scott McCown released the following statement in advance of the Senate Finance Committee voting this week on its version of the state budget for 2012-13.

“We applaud Lt. Governor Dewhurst, Finance Committee Chairman Ogden, and Finance Committee members for their valiant attempt to write the best state budget possible given the Great Recession and the political climate. The proposed Senate budget is far better than the House version, and it may be the best proposal we will see from this Legislature. If it passes out of the Finance Committee and then the Senate, we urge the Senate conferees to stand firm and fight the House for every penny in the Senate budget.

“But no one should pretend that the Senate budget meets the needs of Texas. In 2010-11, the Legislature wrote the state budget using \$90 billion of what was functionally general revenue, roughly \$82 billion in state general revenue and \$8 billion in federal recovery dollars. To provide the same public services in 2012-13, because of more people and higher costs, the Legislature must spend *at least* \$99 billion in general revenue. The House’s budget would spend just under \$78 billion, leaving the state short \$21 billion. While we don’t yet have an exact number, the Senate Finance Committee’s budget would spend about \$85 billion, leaving the state short \$14 billion.

“Obviously, the Senate budget is preferable to the House budget, but neither is good. In a state that already invests too little in its children, both the Senate and the House deeply cut public education and higher education. In a state that already has a frayed safety net for children, the elderly, and those with disabilities, both the Senate and the House deeply cut health and human services. In a state still struggling to recover from a terrible recession, both the Senate and the House would hinder recovery by throwing hundreds of thousands of Texans out of work.

“And no one should pretend that the Senate budget is the best choice in a tough economy. The Legislature could easily write a 12- or 18-month budget, allowing time to see if the economy improves. Or, the Legislature could take a more balanced approach to the state’s traditional 24-month budget—one that includes cuts, but also uses more of the state’s \$9.4 billion Rainy Day Fund and adds new recurring tax revenue. The Legislature has better choices.

“Texas must fix its tax system or every Legislature will face a revenue crisis. While Texas has the wealth to build a prosperous future and meet today’s needs, until our state fixes its tax system, it will never have adequate revenue. Our state’s major tax is a sales tax on goods, a tax designed for yesterday’s economy. The Legislature made our antiquated tax system worse in 2006 when it created a \$10 billion per biennium structural deficit—the difference between the cost of reducing school property taxes and the amount generated by the margins tax (which was supposed to replace the lost property tax dollars). Texas must fix its tax system and should take the first steps this session.

“We continue to call on Texans to demand a balanced approach and urge the Legislature to do better.”

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The Center for Public Policy Priorities (CPPPP) is a non-profit, non-partisan policy institute committed to improving public policies to better the economic and social conditions of low- and moderate-income Texans. We pursue this mission to achieve our vision for a BETTER TEXAS. You can learn more about CPPPP at www.cphp.org.