



CPPP STATEMENT ON STATE BUDGET FOR 2012-13

(AUSTIN, Texas)—Center for Public Policy Priorities Executive Director F. Scott McCown released the following statement today in response to the budget committee conferees agreeing on the state budget for 2012-13.

“If the Legislature adopts this budget, the Legislature will have failed to meet the needs of Texas.

“The far right’s demand that our state’s revenue crisis be addressed by cuts alone instead of through a balanced approach that uses the Rainy Day Fund and adds new revenue has forced damaging cuts to essential state services. For the present biennium, 2010-11, the state’s general revenue budget totals \$90 billion (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 would have to spend *at least* \$99 billion in general revenue. The conferees’ budget deal (with HB 4) would appropriate just under \$80.7 billion, leaving the state short more than \$18 billion—about \$5 billion of which would have gone to public education.

“A balanced approach was the better choice.

“The Legislature could easily have written a 12- or 18-month budget, giving the economy time to improve. Or the Legislature could have taken a balanced approach to the state’s traditional 24-month budget—one that included cuts, but also used much more of the state’s \$9.7 billion Rainy Day Fund and added new revenue. Rather than use the Rainy Day Fund to protect Texans during an economic downturn (the fund’s constitutional purpose), the far right demanded that Texans “protect” the Rainy Day Fund. This irrational demand was merely a tactic to force the Legislature to gut education and rip our state’s safety net. In the face of our revenue crisis, refusing to add new revenue—not even revenue from closing unwarranted tax loopholes—is unconscionable.

“The next Legislature will face a fiscal mess in 2013.

“Even with strong economic growth, the next Legislature will face a fiscal mess in 2013. The Texas population will continue to grow. Costs for goods and services will continue to go up. Yet our state’s major tax will still be a sales tax on goods, a tax designed for yesterday’s economy. And our state’s business tax will still be flawed in design, again producing a \$10 billion per biennium structural deficit. And, of course, all the steps taken to balance this biennium’s budget will make balancing the next budget even harder, for example, one-time accounting adjustments, unrealistic cost-saving assumptions, and a projected \$4.8 billion Medicaid deficit.

“Texans must insist on a tax system that can meet the state’s needs.

“Texas has the resources in its trillion-dollar economy to meet today’s needs and to build a prosperous future, but until our state fixes its tax system, it will never have adequate revenue to do so. Instead, Texas will spiral downward session after session with one round of cutting after the next. Between now and 2013, we must all work together to build the public will for responsible tax reform.

— 30 —

The Center for Public Policy Priorities (CPPP) 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 CPPP at www.cphp.org.