



Center for Public Policy Priorities

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NEWS RELEASE

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NO SURPLUS; REVENUE GAP LARGER THAN MANY THINK

AUSTIN– The state comptroller today announced that Texas will have \$64.7 billion in General Revenue available to spend in 2006 and 2007. This is at least \$7 billion short of the amount needed to sustain current programs and restore services cut last session, like Medicaid and children’s health insurance. Even more money would be needed to improve such vital services as child protection and public education or to fund local property tax reductions.

“People just aren’t facing reality,” said Scott McCown, Executive Director of the Center for Public Policy Priorities. “The bottom line is that Texas needs much more new revenue to draft a budget that will even come close to meeting the state’s basic needs.”

“Without new state taxes, we’ll be forced to repeat last session’s disastrous process of slashing state services and passing down costs to local communities and families.”

“There are four parts to the problem,” said Eva DeLuna Castro, CPPP budget analyst:

- **First, Texas needs at least \$6 billion in new revenue to continue paying for the services being provided now.** More money is needed just to keep doing the same thing because of population growth and inflation. For example, preventing further cuts to Medicaid and CHIP alone will cost \$2.6 billion.
- **Second, Texas needs more General Revenue to restore services cut last session, such as education and health care for children.** For example, restoring the CHIP and Medicaid services cut in 2003 would cost another \$550 million or more. Fully funding the \$1,000 health care “pass-through” for Texas teachers and other school employees costs almost \$1.1 billion. Other areas that saw General Revenue cuts in 2003 include public safety and prisons; natural resources; state employee health benefits; general government agencies; and the judiciary.
- **Third, Texas needs more money to improve areas such as child protection.** Reforming child protective services needs \$253 million in General Revenue just to implement last week’s recommendations by the Governor.
- **Finally, Texas needs several billion more if the goal is to reduce local property taxes.** For example, \$2.2 billion in state revenue would be needed to replace a dime in school property taxes for a biennium.

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The Center for Public Policy Priorities is a 501(c)(3), non-partisan, non-profit policy research organization committed to improving public policies and private practices to better the economic and social conditions of low- and moderate-income Texans.