

79th LEGISLATURE

\$139 billion budget plugs most gaps

Health benefits, state workers' pay addressed but not school changes.

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The proposed \$139 billion state budget was headed to Gov. Rick Perry on Sunday after receiving approval by the House of Representatives.

The 2006 and 2007 spending plan includes across-the-board pay raises for state employees, money to address public classroom growth and money to deal with an increase in enrollment in the state's health insurance programs for the poor. With efforts to overhaul school finance and reform education dead this session, the budget does not include enough money for any substantial education changes.

"There's no teacher pay raise. There's no restoration of the teacher health benefits that were cut (in 2003)," said Rep. Jim Dunnam, D-Waco, chairman of the House Democratic Caucus. "There's virtually no money for school facilities. We are not putting in any more money to shore up teacher retirement."

But Rep. Jim Pitts, R-Waxahachie, chairman of the House Appropriations Committee, praised the budget as a fiscally responsible spending plan that takes care of schools and deals with growth in Medicaid and the Children's Health Insurance Program.

The House and Senate on Sunday also passed a separate \$2.8 billion measure to help get it through the current two-year budget cycle, which ends Aug. 31. The plan passed 126-18, receiving well over the 100 votes needed for it to take effect immediately.

The legislation, which is also headed to Perry, includes money for Child Protective Services reform and shortfalls this year in programs such as Medicaid and public education.

"If we don't pass this bill, your schools will not receive the funding for this summer," Pitts told members before the vote. "If we don't pass this bill, your providers for medical services for Medicaid patients and CHIP patients will not be able to get services until the next biennium because starting June 15 we will not have the money to pay those providers."

All Central Texas lawmakers voted for the budget, and all but Rep. Mike Krusee, R-Williamson County, voted for the second spending measure, House Bill 10. Krusee did not register a vote, according to the House clerk's office.

The \$139 billion budget represents a spending increase of about 10 percent over the current biennium, mostly because of an increased number of people on Medicaid, federal-state health insurance for the poor, and because of an increase in public school student enrollment.

The highest spending will go to public and higher education with \$55 billion in state and federal money allocated to those areas. The second highest amount of money — about \$50 billion — will go toward the state's health and human services programs.

The final budget includes restoration of dental and vision benefits for CHIP. It also includes a 4 percent increase for state employees in 2006 with a 3 percent increase in 2007.

On Sunday, the Texas Public Policy Foundation criticized the budget as "too big, even for Texas."

"We are not seeing the same fiscal discipline that marked last session's budget process," said Michael Quinn Sullivan, the organization's vice president. "Two years ago, lawmakers reduced spending to overcome a budget shortfall. Texans overwhelmingly approved of that disciplined approach."

In 2003, lawmakers made deep cuts to the budget in the face of a \$10 billion budget deficit. For that reason, says the Center for Public Policy Priorities, the 10 percent increase in spending under the proposed budget is misleading. To be fair, the organization says, lawmakers should compare spending in 2002 and 2003 — before cuts were made — with proposed spending for the next biennium.

"Texas will remain a low-spending state that is not meeting the needs of its people for education and health and human services," the statement concludes. "There will still be plenty of chilly days ahead for our most vulnerable."

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Key items in the Texas budget

The proposed \$139 billion state spending plan for 2006-07 includes:

- Public education overall: \$55 billion
- Public education, K-12: \$37 billion
- Higher education spending: \$18 billion
- Health and human services overall, including Medicaid: \$50 billion
- Child Protective Services reforms: \$250 million
- State employee pay raises: \$380 million
- Children's Health Insurance Program: \$444 million
- Medicaid: \$37.8 billion
- General government, includes comptroller's office and state employee benefits: \$3 billion
- The judiciary: \$457 million
- Public safety and criminal justice: \$8.5 billion
- Natural resources: \$2 billion
- Business and economic development: \$18 billion

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