

Perry campaign blames Strayhorn for unknown budget surplus

By APRIL CASTRO Associated Press Writer
February 2, 2006

AUSTIN- Months before a raucous showdown over education funding, Texas lawmakers haven't been officially notified about a massive budget surplus _ at least \$3 billion _ sitting in the state treasury, and it's quickly becoming a political football.

The estimated surplus means that Texas has that much more money than the Legislature budgeted in the current two-year spending period. Lawmakers going into a spring special session on school financing know they'll have at least \$3 billion more, but they don't know how much more money is sitting in state coffers.

Aides to Gov. Rick Perry on Thursday said they know why: the state's chief budget officer, Comptroller Carole Keeton Strayhorn is playing politics with her duties to help her win the state's top job. Strayhorn is campaigning against Perry as an independent candidate for governor.

"Instead of working in good faith, Carole Strayhorn is playing political games by refusing to give lawmakers and the tax commission up-to-date budget information," said Perry campaign spokesman Robert Black. "It's obvious that Carole Strayhorn would rather feed her political ambition, be an obstacle to reform and use the school finance issue for her own political gain at the expense of Texas school children."

Strayhorn's office said the required certification revenue estimate is in the works.

A \$3 billion surplus would be the largest the state has seen in several years. In contrast, lawmakers wrote the 2004-05 budget in the face of a \$10 billion revenue shortfall.

Some of the money, \$1.2 billion, is leftover tax revenue from the last budget cycle and \$1.9 billion was stashed away by lawmakers to use in the upcoming school funding debate. Current projections indicate that the surplus will grow even larger over the biennium, as the result of larger-than-expected tax revenue from consumer spending and higher oil and gas prices.

"The glitch is, there hasn't been a revised revenue estimate released yet. They usually do it in December to say if what they said a year ago is still true or not," said Eva DeLuna Castro, a budget policy analyst for the Center for Public Policy Priorities. "Things change in an economic forecast based on consumer spending and oil and gas prices."

The state also is sitting on \$473 million in savings from vetoed legislation in the current budget that can be spent anytime by the budget board.

Legislators wrote the state's 2006-07 spending plan last year, based on the amount of money Strayhorn told them the state would take in during the period. Strayhorn reviewed the budget in June and certified that the state would have enough money to pay for it.

State law requires that "as soon as practical" after the comptroller certifies the budget, she release an updated summary of state revenue to state leaders and legislators, based on the ending balance of the previous budget period. That hasn't happened yet.

Former comptroller John Sharp, who typically released his revised numbers in September, said many state bean counters are "anxiously awaiting" the numbers. Sharp is leading a special tax commission charged with revamping the state's tax structure ahead of the special session expected to be called in April for school funding reform.

Usually, Strayhorn updates her numbers in October. Her most recent post-certification update, Dec. 17, 2003, was the

latest that it had been done in several years.

Funding for many state programs were left out of the budget by lawmakers, who are restricted by the state constitution from incurring debt. Among them, adequate cost reimbursements for nursing home patient care, operating costs for a Texas Tech medical school being built in El Paso and a pharmacy school being built in Kingsville. Lawmakers also failed to fund textbooks that were due in classrooms this school year. Perry ordered the Texas Education Agency to buy the books anyway, but the agency has not yet been reimbursed almost \$300 million for the books.

"The Texas economy is doing well, so it's no surprise that there is going to be a surplus," said Michael Quinn Sullivan, vice president of the Texas Public Policy Foundation, a conservative Austin think tank. "From our perspective, that's not free money for the government. That's taxpayer money and it should go back to the taxpayer. We would look at that money and say that's a good place to buy down property tax rates."