

Texas has billions in surplus

Lawmakers to start session in the black

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The Texas Legislature has a problem other statehouses wish they had.

Sunset

- Scuttlebutt among Texas legislators is that the Sunset Commission already has two departments that will be restructured or phased out.

House Speaker Tom Craddick and State Comptroller Susan Combs have talked about a projected surplus in next year's session. Craddick said it would be about \$15 billion but Combs corrected him saying it would be no more than \$10.5 billion.

Regardless of the amount, when the 81st Legislature convenes in January, lawmakers will have some money in the bank, just as they did last session when they had a \$14 billion surplus - a sharp contrast to 2003, when they worked with a \$10 billion deficit.

"When we're back in session we're gonna have a long line from the front of the Capitol to El Paso asking for more money," said Rep. Carl Isett, R-Lubbock, a member of the House Appropriations Committee and chairman of the Sunset Advisory Commission, a legislative panel overseeing all state agencies.

Even with a projected surplus there is not enough money to please everyone, Isett said.

A priority is funding public schools.

"We know we have to put more money into education," Isett said. "The question is how much more?"

Texas schools still are working with the budget the Legislature approved in a special session two years ago when the lawmakers were under court order to approve a school funding bill, said Wayne Havens, superintendent of Lubbock Independent School District

Since then, triggered mainly by soaring fuel prices, the cost of everything has increased substantially, Havens said. "I don't know of any business that can operate on a budget approved in 2006," Havens said. "Well, it's the same thing for us. The inflation factor is hurting us. Districts are coming up with deficit budgets, (leading to) reductions and ... other drastic measures.

"People may get bored, tired of hearing this but that's the real truth. We're not immune from those inflationary costs," Havens said.

Former Rep. Talmadge Heflin, R-Houston, chairman of the Appropriations Committee in 2003 when the Legislature had the \$10 billion shortfall, said the projected surplus will be more in line with what Craddick, R-Midland, projected because sales taxes continue to grow.

The Legislature needs to be careful how it spends the surplus because it needs to keep at least \$5 billion in the bank for leaner times, said Heflin, now the director at the Center for Fiscal Policy of the Texas Public Policy Foundation.

He suggests the Legislature spend part of the surplus to keep with the costs triggered by inflation and the state's population growth.

As Isett suggested, one of the priorities for the lawmakers will be education, Heflin said. The schools will get additional money just because of their enrollment growth.

"The Legislature will have to make a decision as to what they do with fuel costs, if they give them more for that," Heflin explained. "It's just like last week, we had one of the officials at the University of Texas saying how the University of Texas had to have more money from the state."

Dick Lavine, senior analyst at the Center for Public Policy Priorities, a think-tank which advocates for needy Texans, argues that there is no such thing as a surplus.

"The \$10.5 billion the comptrollers says we have in the so-called surplus, \$5.5 billion, more than half of it, is in the rainy day fund, which is for an emergency, one-time expenditure," Lavine explained.

"Another \$3 billion of the so-called surplus is reserved for the property tax relief fund, money that they are going to need to replace the school property taxes that the school districts are no longer collecting because of the property tax cuts that the Legislature passed in 2005," he added. "And the remaining \$2 billion is just a cash balance, that's just a tiny percentage of the total for the biennium" which in the last session was \$152 billion.

In Texas and the rest of the nation, the economic future doesn't look good and the projected revenues could fall short, putting the Legislature in a difficult situation, Lavine said.

But despite some cloudy economic forecasts, Isett and other lawmakers are happy that at least for now there is a projected surplus, just like last year.

"Most states wish they had our problem," Isett said. "I was just with a group of legislators from other states and they were talking about the budget problems they have and asking me how we manage to have a surplus."

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